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28 August 1984

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LYSSARIDIS' STATEMENT ON NATO INTERVENTION ATTACKED

Nicosia KHARAVGI in Greek 18 Jul 84 p 1

/Text/ The leader of EDEK /United Democratic Union of the Center/, Mr Vasos Lyssaridis, with his speeches and declarations is recently developing a wierd, at least, argument. He says, we must not be worried about an armed clash between Turkey and Greece that could result from the developments in Cyprus, because it will compel the Americans and generally the western nations to intervene so that the southeastern wing of NATO will not collapse. That way the westerners will be compelled to solve the Cypriot problem.

If such a thought would occur to persons who were entirely apolitical, we could describe it as being naive. The situation, however, becomes more serious when it comes from the leader of a political party and especially a party that is described as being socialist or even marxist.

The first thing that is known by everyone with fundamental knowledge and experience in our time is that war is a tragedy that should be avoided in every way. Because it will bring innumerable woes to the people and the countries that will become entangled, and especially to the Cypriot people who will be the principal and perhaps, easier target for Turkey. (Should we perhaps recollect what Mr Papandreou was saying about the 48 hours?) On the other hand, it is childish to claim that a war will end up with a Greek victory over Turkey. If this was so, Greece would not ask for guarantees from NATO for its borders and its islands in the Aegean.

Let us come, however, to the argument that the Americans and NATO will intervene in case of war to avoid the collapse of the southeastern wing of the alliance. First: Which one of the staff officers of NATO told Mr Lyssaridis that they would intervene? Second: And if he told him he would intervene, did he make it clear when they will do it? Will it be in the beginning or after many days when the woes will hit, especially the Cypriot and Greek people? And if they intervene, will they be in favor of Greece or against it? Can Mr Lyssaridis tell us about his experience in this case? Indeed, why did the Americans and the other allies not bother in 1974 when the Turks invaded Cyprus? Or perhaps there was no danger then for NATO? When even Mr Lyssaridis admits the double crime against Cyprus in 1974 was organized by the CIA, how can he hope for "help" from Washington? Would it not be more logical to claim that a war between Greece and Turkey would give a chance to the enemies of Cyprus and Greece to complete

the crime against the island and generally against the Greek people that they could not complete in 1974?

We do not doubt at all that the intensification and armed clash purely serve the purposes of the Turkish junta and hurt Cyprus and Greece. At the same time they further the plans of imperialism for the disappearance of Cyprus as an independent and non-aligned nation in the eastern Mediterranean and for the overthrowing of the democratic evolution in Greece. For this reason, we support strongly that our struggle is a peaceful one and it is on a peaceful grounds that we will fight for the survival of the Cypriot Democracy and the Cypriot people. Any activity that encourages war leads to complete catastrophe. It is an activity of desperation.

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CSO: 3521/325

DENKTAS SEEN GUIDED BY ANKARA

Nicosia 0 AGON in Greek 26 Jul 84 p 2

/Text/ The Denktas movement is nothing original, but as a tactic it has proven to be successful in the past. We are referring to the surprise he sprung with the announcement that Ertekun is not going to Vienna simply as a representative of the Turkish community, but as a "minister" of the pseudo-government.

This way, he forces his recognition by the United Nations on the one hand, in other words by the international community, and on the other hand, by Austria, demanding that Austria accept his emissary as a "minister" of the "government".

Divisively, Denktas is seeking to ruin the new initiative of Cuéllar.

The Root of the Evil

The root of the evil, as far as Denktas' irreconcilability is concerned, is not to be found in Nicosia, but in Ankara.

In some way, it should be expected that Denktas would think of something, after the declaration of Ozal, the prime minister of Turkey, to the effect that it is not yet time to solve the Cypriot problem, because the ten years that have gone by are not, or to be more accurate, have not been proven to be enough.

With such a green light from Ankara, it was not difficult for Denktas to put his cunning in operation.

The responsibility for undermining the initiative does not burden Denktas. On the most part it burdens Turkey and even burdens those who insist on paying lip service to the issue and claim that Turkey is showing a sincere desire for the solution of the Cypriot problem.

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UN SECRETARY GENERAL'S HANDLING OF NATIONAL ISSUE FAULTED

Nicosia I SIMERINI in Greek 26 Jul 84 p 3

/Text/ New Dilemma

One thing is certain, Denktas had no intention to solve the Cypriot problem with a federation through negotiations, because he does not want to lose the "presidency". Everyone knows this and one does not have to be astute in politics to understand it. So, if we take it for granted, it is natural for one to expect that this man will do whatever he can to frustrate the initiatives of Cuéllar and anyone else to find a solution. He must be waiting eagerly for every opportunity to undermine the efforts to remove the impasse. Consequently, the most effective way of coping with him is not to provide him with exploitable opportunities. He should be disarmed continuously with a careful, programmed and decisive policy. This did not happen in this instance, when Cuéllar invited all for deliberations in Vienna. The Cypriot government, with its activities and statements, gave Denktas the opportunity he was looking for to get out of it. The problem that is being created is not Cuéllar's problem, whether or not he will accept Ertekun as a "minister of foreign affairs" of the pseudo-government. It is more our problem. Will we accept him, if Cuéllar finally accepts him? If yes, then we ourselves are recognizing the pseudo-government and the divisive Turkish move. If not, we will be accused of being the ones who are undermining the initiative of the Secretary General. Recently, we were writing in these columns that Kyprianou's government succeeds always in creating worse dilemmas for itself and by extension to all of us. That is one more characteristic example. And we will wait with curiosity and anxiety to see how it will get us out of this.

The Only Choice

But our government is not responsible for the irreconcilability of Denktas. A large part of the responsibility, in our opinion, lies with the Secretary General of the United Nations himself who insists on handling the Cypriot problem from a distance. From the time he became Secretary General, Mr Cuéllar did not deign to come to Cyprus, not even one time, not even as a transient. Even though he accepted many times that the Cypriot problem is one of the most important international problems, he does not make the effort to deal with it on the spot. He travels all over the world and sends invitations to the "representatives of the two sides" to meet him, sometimes in New York, sometimes in Rome, sometimes in

Vienna and sometimes in Geneva, while he has degraded its representation in the offices of the United Nations in Cyprus. Truly, what would stop him to meet the two sides in August in Nicosia instead of the capital of Austria? Won't Ertekun need a passport? The complications would have been avoided and his initiative would have more possibilities of getting started. As this thing has gone, perhaps he has no other choice. Indeed, we believe the Austrian government will advise him to do this so that it too will avoid troubles. Let us not forget that it has condemned explicitly the pseudo-government and therefore it is inconceivable that it would allow Ertekun to come in with an illegal passport.

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METHODS USED BY VARIOUS POLLING ORGANIZATIONS COMPARED

Helsinki UUSI SUOMI in Finnish 22 Jul 84 p 7

[Article by Jyrki Vesikansa: "Opinion Polls Make People Wonder; Interviews Sufficient for Reliability"]

[Text] Nowadays political opinion polls are taken so frequently that most citizens are undoubtedly confused by the results. Just this past week, for example, when both UUSI SUOMI's regional report and APU-LEHTI's nationwide poll were presented. The poll-taker was the same, Economy Research, Inc.

UUSI SUOMI's intention was to clarify the parties' support regionally, which is especially important with the municipal elections coming up. Local decisionmakers are elected in them, and viewpoints can fluctuate greatly in regions of the country.

Obtaining a statistically reliable picture presupposes a sufficient number of interviews. Information about political support which is reliable on a nationwide basis is obtained with a good thousand interviews; for an opinion poll question in which there are only two or three alternative answers, a couple hundred carefully picked interviewees are enough for an accurate reading.

If, on the other hand, regional information is wanted, there must be enough interviews from each locality. In the report commissioned by UUSI SUOMI, Economy Research, Inc. solved the matter by attaching question eight to the so-called omnibus circuit during the spring. The basis for the results is over 7,000 interviews in 148 regions.

UUSI SUOMI could thus report reliable information about the country's largest municipality, Helsinki, as well as suggestive information about other large cities. The results also said something indirectly about the moods out in the country.

As a total figure, the UUSI SUOMI research also told something, of course, about the nationwide support figures from the research period. APU-LEHTI, on the other hand, added a new column to the chart of numerous nationwide reports.

Fastidiousness Leads Astray

Here are the results of the last municipal and parliamentary elections as well as the parties' support readings in various opinion polls after the parliamentary elections. When reading the chart, it is a good idea to keep in mind that the normal margin of error in these inquiries is about one percentage point. Thus changes after the decimal point do not necessarily mean anything.

The results are always questionable with regard to the smallest parties, whose entire support may be contained within the above-mentioned margin of error. Support for the Constitutional Right Party in particular has fluctuated greatly, although a slight increase seems evident.

SUPPORT FIGURES FOR POLITICAL PARTIES

	SDP ¹	SKDL ²	Kok. ³	Kesk. ⁴	SMP ⁵	RKP ⁶	Krist. ⁷	POP ⁸	Green
Municipal elections, 1980 ⁹	25.5	16.6	22.9	18.7	3.0	4.7	3.7	0.5	—
Parliamentary elections, 1983	26.7	14.0	22.1	17.6	9.7	4.6	3.0	0.4	1.5
Economy Research June 1983	27.2	13.6	21.9	17.7	10.5	4.3	3.1	0.2	1.5
M Information Center July 1983	26.2	12.4	21.1	16.0	12.2	5.4	2.3	0.2	3.9
Economy Research October 1983	24.5	12.3	20.7	17.7	12.2	4.7	3.6	1.3	3.8
Economy Research January 1984	25.4	12.9	20.6	17.4	10.1	4.6	3.0	0.5	5.2
M Information Center January 1984	25.8	12.6	20.4	17.9	9.4	4.8	2.9	0.5	3.4
Economy Research March 1984	27.2	12.4	20.8	17.3	8.3	4.9	3.5	0.6	6.1
Economy Research for UUSI SUOMI March-June 1984	24.8	12.6	21.1	17.0	8.7	5.0	3.2	0.5	6.7
M Information Center June 1984	24.9	13.9	19.8	18.8	8.3	5.1	3.3	—	5.4
Gallup June 1984	24.9	12.6	20.4	17.7	9.6	4.8	2.8	0.5	6.7
Economy Research June 1984	24.9	12.4	20.7	16.6	8.7	4.6	3.0	1.7	7.0

1 Social Democratic Party

2 Finnish People's Democratic League

3 National Coalition Party

4 Center Party

5 Finnish Rural Party

6 Swedish People's Party

7 Finnish Christian League

8 Constitutional Right Party

9 The Liberal People's Party, which later merged with the Center Party, received 3.2 percent. The Greens' votes are 0.5 percent of "others."

PCF WEEKLY EXAMINES ELECTION RESULTS, PARTY LOSS OF VOTES

Paris REVOLUTION in French 22 Jun 84 pp 7-15

[Reportage consisting of articles by various authors, published by source under single heading: "European Elections"; first article, by Serge Wolikow: "First Approaches," follows]:

[Text] Facing up to the political reality and analyzing it, putting nothing concerning it to one side, is a requirement of the first priority in the wake of these European elections.

The measure of the political upheaval expressed by the outpour of results on the night of 17 June must be taken. It is from this viewpoint that this article synthesizes, in terms of figures, the results of the major elections of the last few years.

But beyond citing indispensable fact, the important thing is to understand it: This article will present several comments and thoughts on the change the French political landscape has just undergone. From a strictly electoral standpoint, the Right is advancing, owing to the emergence of an extreme-rightist trend, while the PS's [Socialist Party('s)] voting strength is undergoing consolidation and the PCF's [French Communist Party('s)] has taken a nose dive. These contrasting results need to be examined closely, which is what three articles will do.

But this election makes up a whole; it constitutes a political moment in the evolution of the political situation of these last few years. Hence, it must be viewed in detail and on the whole; attention must be centered on the present while, at the same time, stepping back to view it in historical perspective! A very difficult thing to do when the event is still so recent!

Since our first concern is with votes, it is well to point out that they cannot express themselves outside of a type of election that to some extent contributes toward organizing them. We have previously referred, in these columns, to some of the characteristic traits of this European election. We have written how, in the absence of direct and national institutional stakes, these characteristics favored a certain type of vote in which an

expression of political opinions would be dominant. This did not in any way mean that no political stakes would be involved. That these stakes were actually played at the national level, as the communists had predicted from the beginning, is now abundantly evident, as the Right draws upon the results of that vote to put to an issue the policy of the Left. Be that as it may, however, the voters did not credit the PCF's political account with the benefits of its analysis of the risks that would result from a rightist push and a weakening of the PCF.

The analysis of the campaign undertaken by A. Bertho points out the difficulties experienced by the major political forces in trying to mobilize the voters. Actually, the result that issued from the urns on 17 June was far more than simply the outcome of the campaign. It expressed behavioral and opinion trends that had already set in, and in some cases long ago. They emerged on the occasion of the election and have caused surprise, but in many cases, they had already begun to take shape before then. Thus, the decline in PCF voting preferences among the young began towards the end of the 1960's and steepened after 1981, dropping to a very low level (6 percent of the voters between 18 and 20 years of age cast communist ballots in 1984, according to the IFOP [French Public Opinion Institute]).

As for the extreme-rightist vote, it had already made its appearance in the municipal elections and was confirmed in the by-elections. Without a doubt, the election and the campaign themselves contributed to crystallizing it and generalizing the still latent political trends. By way of contrast, however, not all electoral force ratios are equally enduring. It depends on the manner in which the ratio was established, and also on the subsequent activity of the political forces involved! For the moment, it is preferable to try to understand exactly what happened.

The extent of abstentions, the push of the extreme Right, the fizzle of the PCF vote, with, in the final analysis, changes in the electoral geography of France and substantial changes in the voting patterns of the electorate are among the political phenomena that have emerged from these elections. These phenomena can be addressed separately; and this is indispensable to studying them in their specificity. But thought must also be given to the relationships they bear to one another.

Thus, to understand the extent of abstention manifested, it must be approached from both these standpoints. First, a fact: An unprecedented degree of abstention for a national election. With a 42-percent rate of abstentions, the level reached in 1979 was far exceeded. Although part of a general trend, the abstention rate was by far the highest among the electorate of the Left and among the voters who, in 1979 or 1981, had voted communist. Thus, most of the departments in which the communist vote was large were those in which the drop in total voter participation was very substantial: In Seine-Saint-Denis, where the drop in PCF votes between 1979 and 1984 was 16.10 percent, the abstention rate was 49.56 percent, or 8 percentage points higher than in 1979.

The interpretation of these abstentions, however, is not simple. Abstentionists do not deliver a clear message! Without a doubt, the drop in PCF votes was owing principally to abstentions rather than to cross-overs, thus differing from 1981. Nevertheless, it cannot be concluded that this represents a mere parenthesis in otherwise ongoing voting patterns: The growth in abstentions expresses a deep political malaise. Moreover, it cannot be explained by a growing hostility towards European institutions: All polls point to the contrary in this regard. What, then, does the high rate of participation in the recent municipal elections signify? Let us take the case of Thionville, where the difference in the mobilization rate of communist voters is considerable. Is this not owing to the fact that at the local level there is the perception of a precise political stake and, above all, of the need to sustain the PCF, whereas at the national level there is not an identical perception?

The high abstention rate, far from being explainable by the type of election alone, thus goes back to a general political situation: Is it not the expression of a crisis that, under different forms, involves all aspects of a general political orientation? This crisis has its specificity, which cannot be reduced to the economic and social crisis that currently affects the country, even though the social crisis provides the terrain on which the new political problems come into view. Of course, the fact that the big population centers are bearing the brunt of the effects of the crisis is not totally unconnected with the emergence of the extreme-rightist vote together with a massive abstention.

Is it not necessary, above all, to ponder the weakening, over the last few years, of the political order in which the Left, with the existence of an influential PCF, embodied, at one and the same time, the hope for a social change and the defense of immediate interests? Did not the 1981 victory, won at the expense of a weakening of the PCF, quickly change the image of the Left within the country? The weakening of the PCF's influence had a generalized impact on the Left and on the situation as a whole. It also rendered more difficult the people's perception of the fact that the PCF was revamping its strategy. As a result, at the very moment when new hope was being engendered as regards the crisis, a profound political unease was able to appear, and voting patterns, which had been structured till then, were weakened. The enduring discredit that large sectors of the population had associated with the Right combined with the disappointment engendered by the policy of the Left and the lack of understanding of the communists' strategy.

Thus, the conditions for a sizable abstention on the part of the Left and of the communist electorate had converged. In addition to facilitating the tactical maneuvers that favored the abstention, a political door was also opened to the extreme Right.

The sizable variations in electoral results since 1978 attest also to a significant instability among the electorate; it is the expression of a political disarray that is growing and that is full of uncertainties for all the political forces and for the country itself.

[Article by Alain Bertho: "Paradoxes of the Campaign," under "European Elections" heading, follows]:

[Text] The electoral campaign does not explain everything. An examination of the way in which basic political movements crystallize in France would not be out of place.

When the tally is in, when the real results of a vote "strike," it may appear somewhat futile to go back over the election campaign and the results of the polls that preceded the Sunday night's rude shock. Let us fully understand each other: It is not a question of going back over the details of the campaign of this or that political force, but rather one of understanding the logic of a particular political moment. What is the "good" of an election campaign, what relationship does this kind of acceleration of political life bear to long-term movements and the final result? The question is not in vain, as will be evident from an examination of some of the results of polls conducted by SOFRES [French Opinion Polling Company] and Eurobarometre in the course of the campaign.⁽¹⁾

1. Mobilization of the electorate: The rate of participation on 17 June was more or less in line with the percentage of persons polled who said they were "interested" in the June balloting. But what is striking is that this proportion did not vary by much in the course of the campaign, going from 50 percent in February to 56 percent. While this rate of "interest" is close to that of 1979 (55 percent) and sharply down from the preceding one in connection with the 1983 municipals (64 percent), the 1979 change had been greater, since the February figure for that year had been only 45 percent.

And there is more. According to Eurobarometre, in April 1979, 65 percent stated they were definitely going to vote; and 60.7 percent of the registered voters actually did so. In March-April 1984, 73 percent said they were determined to do so; and on this basis, a larger turnout was anticipated: Instead, it was smaller. This paradox calls for two comments: Can this not be explained by the wide variance between the stated voting preferences for the PCF [French Communist Party] and the PCF's actual score, a variance that had already become evident in 1981? On the other hand, if the Eurobarometre result is reliable, what happened during the national political debate to cause the actual campaign results to take a nose dive of sorts?

2. The evolution of voting preferences for the "major tickets" adds substance to this question. Setting aside the ticket presented by the PCF and done in by an end-of-campaign abstention choice (an assumption made conservatively...), the Veil and Jospin tickets registered a slow but quite steady decline in their voting-preference strengths in the IFOP [French

(1) Cf. SOCIETE FRANCAISE No 1: "Short Time, Long Time," with regard to the 1981 presidential election campaign.

Public Opinion Institute] and SOFRES polls. And this decline was confirmed by the results of 17 June. The ticket of the Right started at 48 percent in February; the PS [Socialist Party] ticket at 23 percent. Everything came out as though none of the major tickets had succeeded in gaining at the expense of the others, but rather as if each, at a rate and under conditions specific to each, had undergone a loss of voter interest and confidence.

It is the conventional wisdom to explain this phenomenon in terms of the number of tickets, the middle-distance nature of the vote and its lack of immediate political significance, and the proportional representation system. But neither can the increase in the abstention rate be explained by the number of tickets, nor the score of the extreme Right by a proportional representation system that had already been in effect since 1979. As to difficulty on the part of the voters in understanding clearly the stakes involved in such an election, this merits a closer look.

3. The stakes and the themes of the campaign: The stakes were unquestionably national in scope. From one end to the other, the polls estimate at 60 percent the voters whose choice is determined by domestic policy. On the other hand, according to SOFRES, opinions are running 64 percent favorable to a pan-European edifice, whereas in 1979 this rate had dropped to 49 percent during an electoral campaign in which the erection of supranational institutions was the subject of heated debate. This time, the PS was alone in orienting a large portion of its campaign on Europe, not without a certain measure of success, to judge from the voting preferences published by LE FIGARO on 8 June (SOFRES poll). Will vote Jospin: "To express support for Mitterrand because of his European orientation": 44 percent. Will vote Jospin: "To express support for the Government": 35 percent.

The Right, for its part, hammered away patiently on the French social crisis and the themes it had been propounding for months with emphasis on private--so-called "free"--schools. From this standpoint, a reading of LE FIGARO's succession of front pages is illuminating. The taking on, by the PCF's ticket alone, of the major issues facing the French society and of the need to pursue a change was not sufficient, under those conditions, to impose on the electorate an awareness of the stakes which the institutional structure itself did not press for convincingly. It was the communist electorate that least considered that "it is an important election and that its results will have a great deal of influence on the course of events" (SOFRES, poll conducted by LE FIGARO 18-23 May). The idea of a "sanction vote" was largely dominant. But the Veil ticket did not fully capitalize on this sanction-mindedness.

The wide discrepancy between political life as it is thus perceived in its contradictory whole and the concerns of the French as regards daily living conditions and jobs seems to have had an effect on the ability of all the organized forces with a long tradition as part of the establishment to mobilize the voters. Only the rejection of all democratic traditions, the endorsement of racism, and the extreme oversimplification of the themes of the extreme Right, made commonplace with the complicity of the UDF [French

Democratic Union] and the RPR [Rally for the Republic], are benefiting from an advance as steady as it is spectacular.

A paradoxical electoral campaign? In any case--it would seem--an alarming sign of the profound skepticism on the part of many Frenchmen as to the ability of our political forces as a whole to provide positive responses to the French society's crisis.

[Article by Roger Martelli: "PCF: Why the Nose Dive," under heading: "European Elections," follows]:

[Text] The fact is there, and there's no getting around it: For the second time in 3 years, the PCF [French Communist Party] has suffered a spectacular setback in a national election.

Caution is necessary, of course, in making electoral comparisons, but the raw fact is there: Both in terms of number of votes and of percentages, the downswing is severe, traumatizing. The brutishness of the score has surprised every observer, since neither the different polls conducted prior to the voting nor the trends revealed by the by-elections had indicated a compression of more than 1 or 2 percentage points.

Why this new loss, and why its magnitude? A serious analysis of this question requires that it be addressed by many heads and many voices, stripping reality down to its core, to the level of day-to-day policy as well as to that of the big "grave" issues that fashion the communist influence. Here, then, are but a few thoughts suggested by a study of the data in hand on the actual morning after the election.

1) Unlike 1981, this year's communist vote reflected the general trends in the evolution of the leftist vote. Others will depict still further the erosion of the French Left, the destabilization of Mitterrand's electorate of 10 May, the full extent of the warning that has been sounded by the record number of abstentions. In any case, the communist setback as reflected in that figure clearly puts in question the Left as a whole and its performance in its entirety, including its governmental performance. It also puts in question the Left's recovery, its credibility and its ability to recreate a dynamic.

2) The communist vote has now been influenced by a clear tendency toward the nationalization of its evolution. Up until 1979, important differentiations could still be perceived. While "traditional" bastions, especially in the Paris region, were beginning a downslide, and in some cases retrenchments, other regions were continuing the electoral resurgence that had started during the 1960's (in the Southwest, for example). The table we publish [not reproduced here] shows clearly the breaking point in 1981.

From that point on, the trend has continued downward at approximately equivalent rates in all the departments, with just one exception: In 1984, only Southern Corsica shows a substantial communist gain with respect to 1981 (in percentage of stated voting preferences).

The institutional structure as well as the political situation are having their effect locally on the communist vote, attenuating the variances in evolution, without blurring the distinctions between organizational bases.

3) Everyone agrees that the major phenomenon in this evolution is the abstention rate. Hardly any 1981 communist voter turned toward the other tickets in the voting. The known polls definitively discredit the trumped-up stories circulated in 1983 regarding communist voter cross-overs to the National Front. And this time, the graph of the communist downslide and that of the socialist one are easily superimposable on each other. Abstention is undoubtedly affecting all political forces, but is hitting the PCF even harder. This abstentionist phenomenon must therefore be analyzed in detail, differentiating it, viewing it as an actual political trend rather than as a mere "absence of vote." There was no unique model of communist abstentionist. Without doubt, he or she is, more often than not, an urban voter who resides in low-income housing, is relatively young, and is expressing in his or her own way a disappointment, by dismissing, one after the other, the political forces on the present scene including the communists. He or she is thus, in many respects, a critical voter who no longer perceives the Left or the PCF as an attractive force capable of mobilizing. However, it is not an isolated fact or aspect alone that produces abstention, but rather a combination of these, from which there emerge rejection and criticism as well as an awaiting of values and concrete prospects to which one can rally. The communist vote has always expressed both a protest and a hope for something better, for another way of life--whether that hope was in the form of a dream of the [communist] model or of the great social upheaval; the same duality must undoubtedly be sought in the abstentionist phenomenon. In this regard, moreover, abstention is not a temporary sloughing over that is easily overcome. Surmounting it, remobilizing an electorate enduringly, requires not only a change of tone and of rhetoric, or the mere revival of a vocabulary of protest. Abstention, and especially among the rank and file electorate, is a worrisome social phenomenon, a source of deracination and instability, a thing of far-reaching cultural scope. Will one be able to break the vicious cycle, patiently reconstruct practical values, customs and representations that can once again solidify the communist electorate? I think this question must necessarily be at the core of the electoral analysis.

4) No one, furthermore, can possibly be mistaken in placing at the core of the debates the question of the PCF's historic decline. Looking beyond the stark figures, which very much speak for themselves, is the communist decline inescapable?

The influence of communism in France has never flowed from a sort of sociological fatalism. It has been won through long and hard political activity that has been marked, in all naturalness, by the historic conditions of its genesis (whether this be the installation of the Bolshevik model or that of the Popular Front orientation). During the period 1930-1940, a genuine communist political culture spread by word of mouth and by an active social involvement. With ups and downs, not without contradictions but always

effectually, this culture crossed over into everyday life to produce the communist political phenomenon. The electoral decline, which had been under way for a long time and crystallized in 1981, basically expresses the end of a long phase, the lack of a suitable new approach to fit the new conditions of the French society. All of this was undoubtedly facilitated by particular political situations, the institutional system, and erroneous communist initiatives. The key, however, is the major strategic slippage of the late 1960's and 1970's. Should the updating have been and could it have been done earlier? The 24th Congress suggested it in referring to our "lag." Be that as it may, the PCF did profoundly modify its strategy, and a change of that magnitude, of that depth, is not accomplished overnight and without difficulty. One can cast off images, perceptions, certitudes and praxes; the building up of others, the instituting of other practices, of other ways of viewing reality, takes infinitely longer. Another reason for not delaying a single instant in undertaking it. Something no longer exists, but something else is not yet sufficiently... .

There would be an inexorable decline of French communism if there were no social position to be taken in the France of the end of the 20th century. Now that position exists, at a time when the crisis in socio-political planning, in perceptions, and in the relationship of the individual to policy is setting in. France is in crisis. In the face of it, cannot a future be envisioned that is other than one of difficulties and ill-being? Cannot a society be envisioned that is founded on new growth, on new relationships among humans, on a new civilization? The historic force of French communism is its ability to answer "Yes" to this question, to construct a social plan around this affirmation and a strategy that will carry it forward. The communists, therefore, have dealt themselves the means of stopping their decline, the necessary bases for a new growth. But to talk of the existence of a plan is not sufficient; the plan must become more than mere words or a declaration of intent: A way of being and of doing. An identity is not established by proclamation; it must be conveyed daily and it must be attractive. In essence, the question is both all-absorbing and decisive: What must be done to introduce a political perspective into everyday living, to the point where it so impregnates our existence and our daily habits as to totally immerse us in the social reality, in the lives of millions of people.

What must be done to sufficiently infuse the communists with the idea of becoming a new revolutionary culture, the basis of a new communist identity, a perceived and accepted identity? What praxis should we adopt, how should we operate, what kind of party should we be, to respond to the challenges of the age?

We must sense more directly a reality in movement, listen and talk, know how to rally, construct praxes, impose images, break down fatalistic tendencies, create new ways of intervention, management and carrying out of responsibilities. In essence, we must know how to live among contradictions and create a new relationship between people and policy: Are we sufficiently able to do this? I think the shock of the elections bids us

ponder this renewed approach. There is a position to be taken; the decline is not fatal. But it is possible, etched as it is in dotted-line form in a setback that brings out the contours of a contradiction between the potential of our strategy, of our policy, of reality itself, on the one hand, and the real social insertion of communist policy into society, into people's consciences, on the other hand. Bridging this gap and undertaking to succeed in it is a major goal for the PCF, as it is for the entire French Left. The success of our overall undertaking, the necessary road to unification, and the halting of the arrogance of the Right are at stake.

[Article by Gilbert Wasserman: "PS: Burning Its Candle at Both Ends" under heading "European Elections," follows]:

[Text] Having reverted to its level of 10 years ago in terms of expressed voting preferences, the PS [Socialist Party] appears to have rallied its electoral "core," but only its "core."

Although the PCF's [French Communist Party('s)] situation is harder-hit than that of the PS, the latter cannot, because of this, spare itself some concern over the election results, which are in no way favorable to it.

The abstentionist phenomenon, first of all, has taken its toll of the PS, even though to a lesser extent than of the PCF. Four departments (Bas-Rhin, Haut-Rhin, Moselle, Meurthe-et-Moselle) in which the decline of socialist influence is the greatest, figure among France's 10 most abstentionist departments. Other departments, like Nièvre, Calvados, Territoire de Belfort, and Meuse, in which the PS downslide is steep, have rates of abstention closer to the national average (42.88 percent), but this average is misleading since it is drawn from an electorate that is for the most part leftist.

If we put aside the percentages of expressed voting preferences and examine the actual voting figures, we find, above all, that with 4,116,000 votes the PS still comes up 600,000 votes short of the 1979 PS-MRG [Movement of Leftist Radicals], and, still worse, 3,400,000 votes short of its first-round total in the 1981 presidential elections. Clearly, the PS is far from escaping this form of warning to the Government, to which abstention translates. One is therefore hard-put to see exactly where the encouragement to pursue the governmental orientations of the past few months--which some think they perceive in these results--is actually coming from. With 20.86 percent of the votes, the PS has reverted rather close to its 1973 level. Its situation, however, is very different from the one that prevailed then. The post-Epinay PS posited itself in a "catch-all" position toward the Left as well as toward the Right. It broke through in regions where its influence had been weak.

Today, while there is a nationwide trend in the voting, it is in the direction of greater uniformity of results. There are no great regional disparities, unless one cites a sharper drop in Lorraine. If one analyzes the results on a departmental basis, one finds that in 2 out of 96 cases the

PS has made a slight gain over 1981. In 6 cases, it has lost less than 2 percent; in 23 cases, between 2 and 4 percent; in 38 departments, between 4 and 6 percent; and in 28, between 6 and 10 percent. In terms of absolute figures, the most dramatic loss (-10.34 percent) was in Nièvre, but there we are considering the strongest of the socialist departments, owing to the presence of François Mitterrand.

Above all, however, it would seem that the PS, once a "catch-all" party, has become today a "catch-none" party outside its own traditional forces. It is abundantly clear that the former communist voters who have left the PCF have, in their quasi entirety, chosen abstention and not the PS, whereas, in 1981, those who left the PCF voted, for the most part, for François Mitterrand. One might even wonder whether the latter, without returning toward the communists, have not, in large numbers, already left the PS in favor of abstention. At the other end of the spectrum, the PS had, by the first round of the 1981 elections, taken a bite out of the Right and Center-Right electorate in a certain number of departments. It seems now to have lost these voters, who may have returned to the Right and in some cases to Mr Le Pen.

An array of figures seems to confirm this feeling that the PS has lost ground at both ends. These figures have been drawn up with respect to expressed voting preferences in 1981, based on the proportion of its registered voters lost by the PS [as published]. The national average of this downslide was around 20 percent. The PS lost between 30 and 40 percent of its votes in Bas-Rhin, Haut-Rhin, Moselle, Meurthe-et-Moselle, and Haute-Marne. It lost between 25 and 30 percent in Côte d'Or, Meuse, Calvados, Marne and Southern Corsica.

These departments are quite decidedly rightist by tradition, but the PS had recently succeeded in penetrating some of them. In Moselle and Meurthe-et-Moselle, among the workers victimized by the steel-industry crisis, many votes were taken from the communists which are now lost to the PCF.

And lastly, the PS lost 25 percent of its votes in Nièvre, Territoire de Belfort, Rhône, Yonne, Aube, Mayenne, and Manche, but also in Val-d'Oise, Val-de-Marne, Yvelines, Seine-Saint-Denis, Seine-et-Marne, Hauts-de-Seine and Paris, where more than anywhere else it benefited from the PCF's nose dive.

The socialists definitely appear today to have reached the limits of a strategy the intent of which was to relegate the PCF to a second-class status so as to feed on its forces. What is the interest of this strategy today, when all it does is work to the advantage of the Right?

[Article by Desire Calderon: "The Right: The Third Party" under heading: "European Elections," follows]:

[Text] J.-M. Le Pen's score cannot be isolated from the results of the Right as a whole. What has occurred in his constituency is an important transformation--a turning point.

The effect of surprise is combining with the magnitude of the result--11 percent--to exalt Le Pen's score to the status of an event unto itself. It is being perceived as a monumental performance at precisely the right moment on the front lawn of the Right--a sort of impromptu political UFO landing to add a sensational turn to the events of an election Sunday. At best, it is being portrayed as presenting us with a new partner who is taking his natural place on the political scene. At worst, as a mere adventurer whose gamble has paid off, as a new Poujade, as an ephemeral meteorite at a time of crisis.

Now, seeing in it but a passing phenomenon, or, inversely, a fateful blow dealt by the crisis, leads, in both cases, to a masking of the real scope and the profound significance of the result of the Le Pen ballot. What has occurred--and been confirmed--is a fundamental change in the structure of the Right and extreme Right electorates and in the political stratagem the latter intends to deploy to unify it with its electorate as a whole.

For, although the RPR [Rally for the Republic] and the UDF [French Democratic Union] have, since 1982, been in a rising phase of their effort to reconquer France and declare themselves the potential winners of a majority, the combined Veil-Pons ticket got less votes than the total votes for the Veil ticket and the Chirac ticket in 1979. With more than 2 million votes, the ticket that captured the mobilization surplus and brought to the Right the additional votes it needed to posit it as the real winner of the voting was none other than the Le Pen ticket. The result of the Veil-Pons ticket thus shows that the credibility of the RPR and of the UDF has hardly improved since their loss of power. The French voted for the Right less out of approval of the latter's intent than as a form of protest.

It is in the light of this erosion of the RPR and UDF, of their difficulty in attracting new sectors, it is from the standpoint of the waning influence of their effort--over the past 15 years--to enlarge their majority base, that the result of the Le Pen ticket must be understood.

A mere glance at the map we reproduce here shows immediately where Le Pen made his smallest gains. These are--without any paradox--the departments characterized by a strong Chirac influence; that is, where the RPR appears as a credible encompassing--indeed, new--structure, and has succeeded in fashioning a stable political trend: Correze, Creuse, Vendee, Vienne, Haute-Vienne, Pyrenees-Atlantiques, Orne, Mayenne, Lot, and Dordogne. Le Pen showed weakness also in the traditional fiefdoms of the Right, in the West and the East, where political and electoral behaviors have been highly structured for decades: Finistere, Manche, Maine-et-Loire, Calvados, Yvelines, Ille-et-Vilaine, Haute-Loire, Deux-Sevres. Nevertheless, there are four significant exceptions in this category: In Haut-Rhin and Bas-Rhin, Haute-Savoie and Savoy, Le Pen scored higher than his national average. Now, Haut-Rhin and Bas-Rhin are dominated by a legitimist Right: It was J. Chirac's poor showing that enabled Valery Giscard d'Estaing to advance to the second round of the presidential election. Hardly differentiated, the Right has hardly renovated its position there, which has remained that of a caretaker. Le Pen went in and made the difference.

In Savoy and Haute-Savoie, Giscard, who held the majority in the first round of the presidential elections, did not get, in the second round, the rightist votes of the first round, a large number of which went to Mitterrand. It was part of this electorate--buffeted by the "war of the chiefs," disappointed by Mitterrand, skeptical of the parties--that raised Le Pen's score.

But that is the way it is wherever the Right has not been able to match either its 1981 score or that of 1979 (Yonne, Alpes-de-Haute-Provence, Ain). The National Front is also penetrating the departments where the Right-Left forces ratio has been close for several years without the RPR and the UDF having appeared sufficiently attractive there to win an enduring majority (Essonne, Hauts-de-Seine, Eure, Eure-et-Loir, Loiret, Cote-d'Or). The same holds true for those departments that were narrowly preserved in 1978 and lost in 1981 (Isere and Vaucluse), as well as for those that were mainly rightist but lost momentum following the legislative elections of 1973 (Vosges, Meuse, Moselle, etc).

Even more significantly, the departments of the Southwest (Pyrenees-Orientales) and Southeast (Herault, Gard, Bouches-du-Rhone, etc) are those in which Le Pen made his best scores. Whether those departments have gone from Left to Right in the last 30 years, or whether the Left has always been dominant in them, one factor common to all united them: The Right that identified with the Government when it was in power had often appeared distant, discredited, partisan, lacking in honesty: Le Pen was therefore able to approach the voters as a new man.

Generally speaking, the score attained by the National Front showed gains wherever the RPR and the UDF, as such, are perceived as being not very credible or marked by their past, and losses wherever these parties continue structuring their electorate, whether the Left be weak there or the local base of the Right stable there. This brings us to the 4 to 5 percent that Jean-Marie Le Pen gained in all the departments. They indicate clearly the change that has occurred in the electorate--even the Right--since 1981: Kept constantly at white heat by the national leaders, buffeted and disoriented by the war of the chiefs, made incessantly to feel fed up to the gills and to pull back within themselves in the face of the crisis, this electorate expressed a skepticism toward all prospects of coming out of the crisis, and contributed to the justification of a regressive outlook toward the Right. According to the SOFRES [French Opinion Polling Company] and BVA [expansion unknown] polls, only half the gain realized by the National Front consisted of RPR and UDF voters, one-fifth of voters "disappointed with the Left," the rest being its real gains.

In marking up such a score, the Le Pen ballot represents for the French Right an escape hatch, in front of which it has been marking time for several decades.⁽¹⁾ All its efforts since the beginning of the 1970's have been devoted laboriously to its attempts to enlarge the spectrum of its electoral appeal. From changings of initials to the restructuring of

parties, it has each time been a matter of rebuilding an image in agreement with the times and the aspirations of a society in the process of change.

From the UDR [Union of Democrats for the Republic (Gaullist Party)] to the UNR [Union for the New Republic], from the URP [expansion unknown] and the Reform Movement to the UDF, it has, under the 5th Republic, mired all its parties in the discredit of its performance, exhausted its makeshift solutions, worn out its rhetoric. All the conflictual vigor of the UDF-RPR relationship expressed the gravity of this erosion, this shrinking of margins of action.⁽²⁾

It was only after working out the guidelines of a political and ideological revival, which it began around 1975 and which has been going full-speed ahead since 1981, that it was able, from the standpoint of its organization, to undertake the step it had not dared to take since the immediate postwar period: The remounting of a hedge-hopping extreme Right of broad spectrum (ranging from racism to the speech on the "minimum State," if you please!) led by an old soldier who did his school work (and prison time) in the days when the extreme Right was still an embarrassment to France.

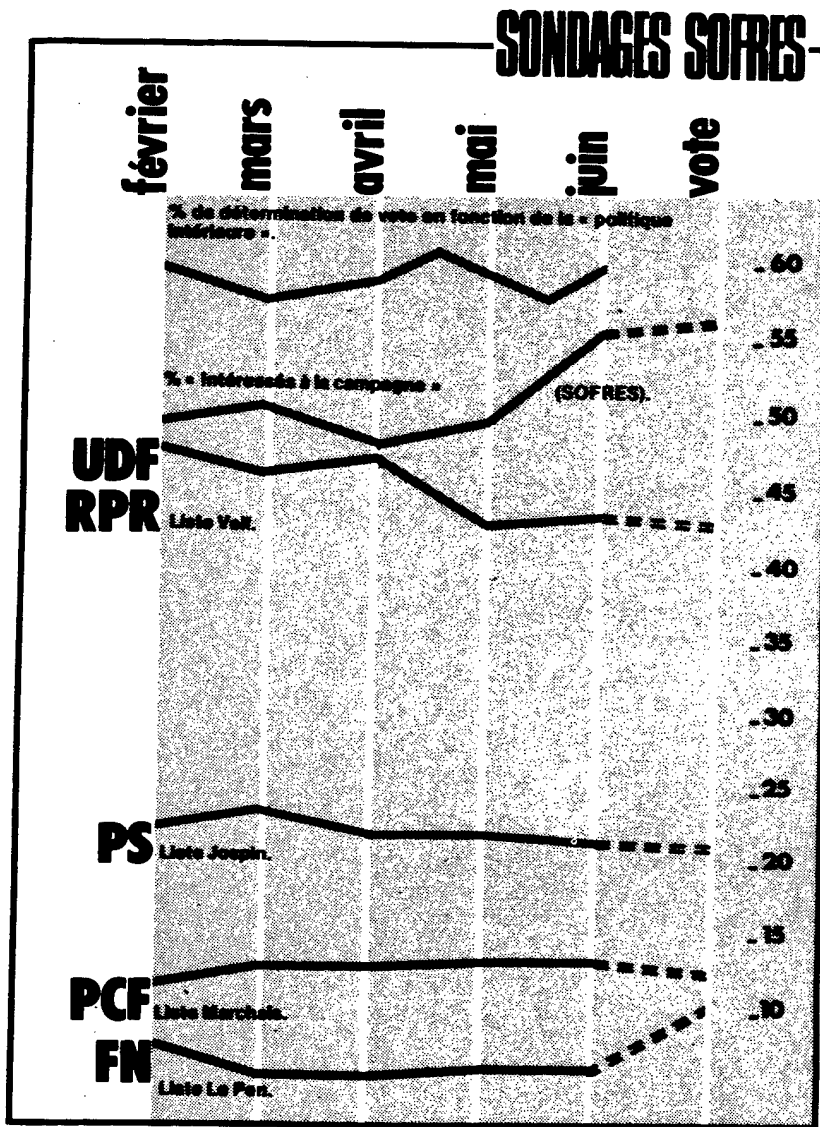
The Dreux agreement, R. Barre's endorsement of Le Pen (he got 17.50 percent in Lyon), the complacent attitude of Giscard and Chirac, Simone Veil's campaign were but the most evident gestures in an overall effort at total unification of an electorate of the Right that must now be recognized without false modesty and viewed in perspective as a potential majority grouping.

In this regard, the rather superficial strategies that aim, by enhancing Le Pen's stature, to divide the Right (rather than reduce it by waging battle on the terrain of a social plan) seriously underestimate the breakthrough that has taken place and that has been revealed by this vote.

FOOTNOTES

1. See REVOLUTION No. 206, 10 February 1984: "The Le Pen Operation."
2. See our "special" supplement of 24 May 1984 (No. 220) on the Right: "French Societal Revolution."

[Illustrations follow]:

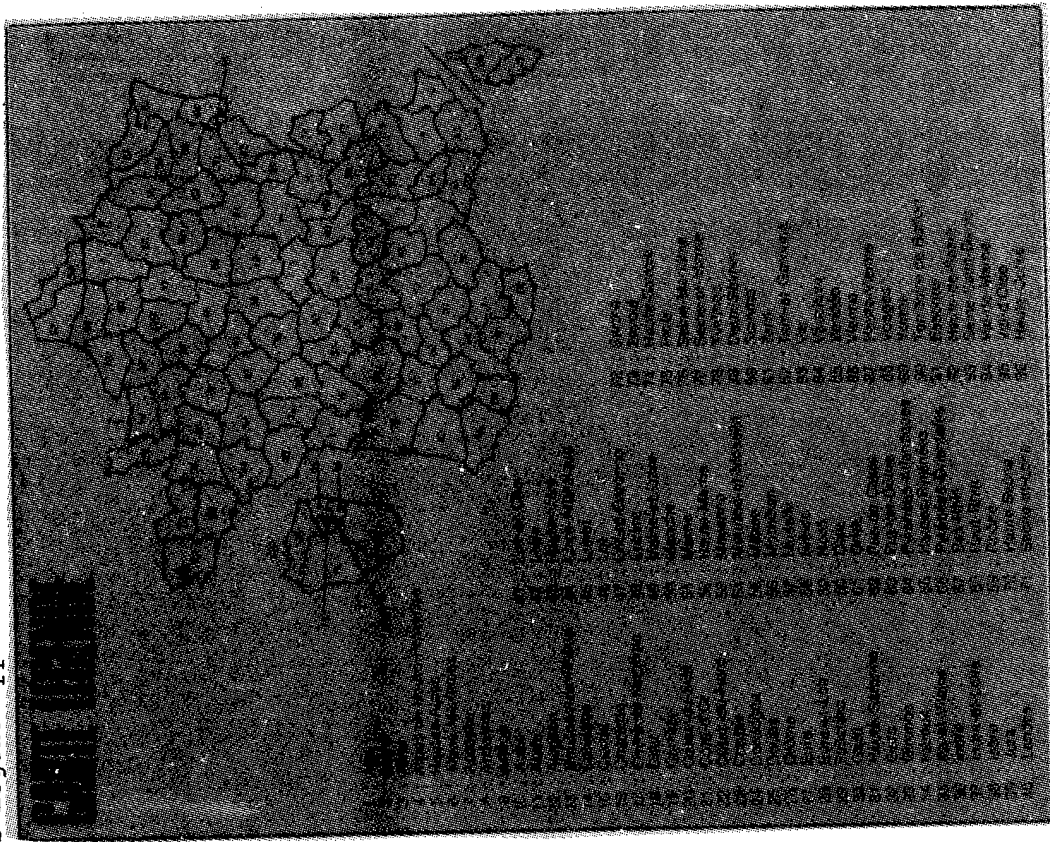


Key:

- | | |
|---|---------------------|
| 1. February - March - April - May - June - Vote. | 4. Veil ticket. |
| 2. Percent of vote determined by "domestic policy." | 5. Jospin ticket. |
| 3. Percent "interested in the campaign." | 6. Marchais ticket. |
| | 7. Le Pen ticket. |

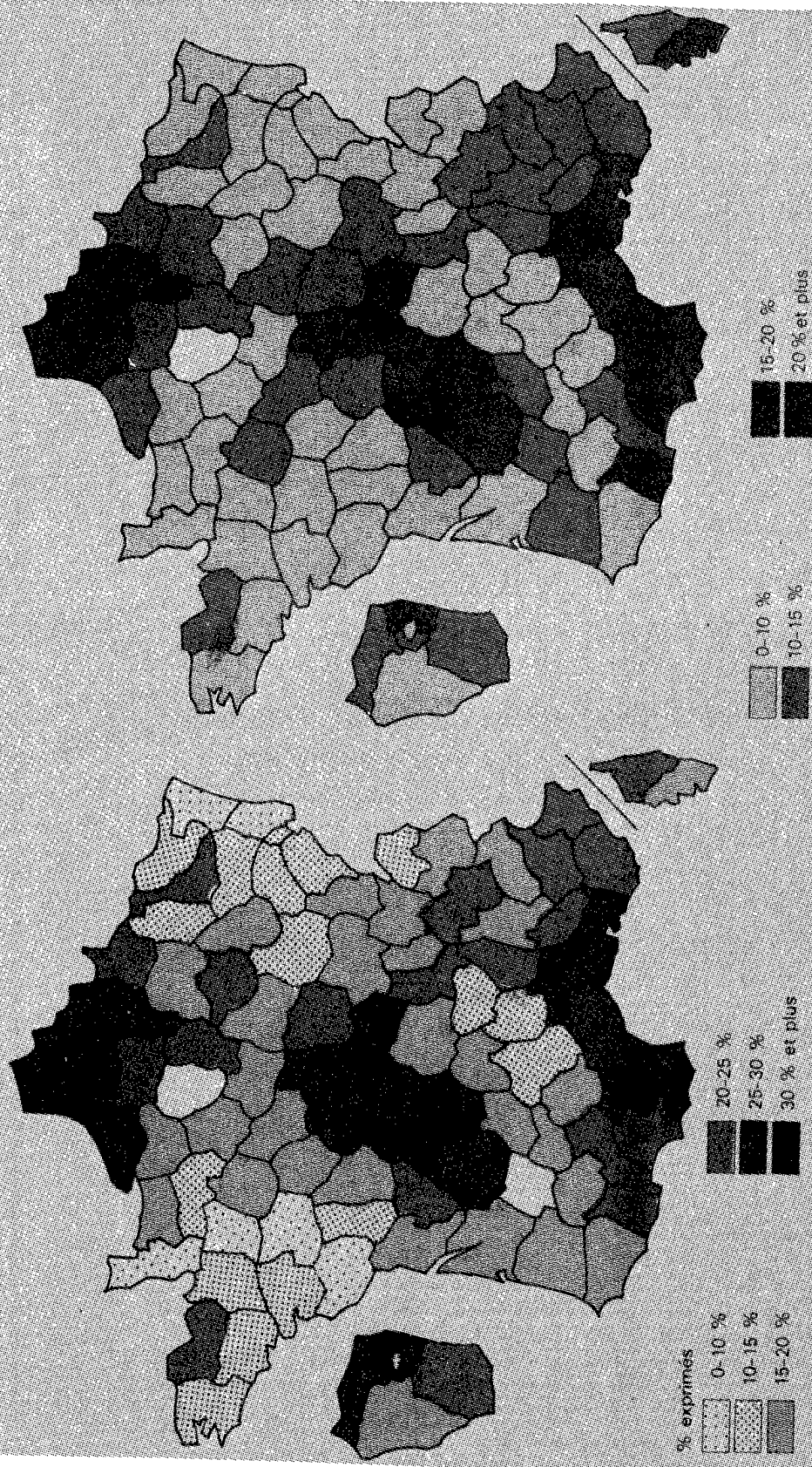
Maps Legend

[This Legend applies to the series of 9 maps that follow]



PCF-84

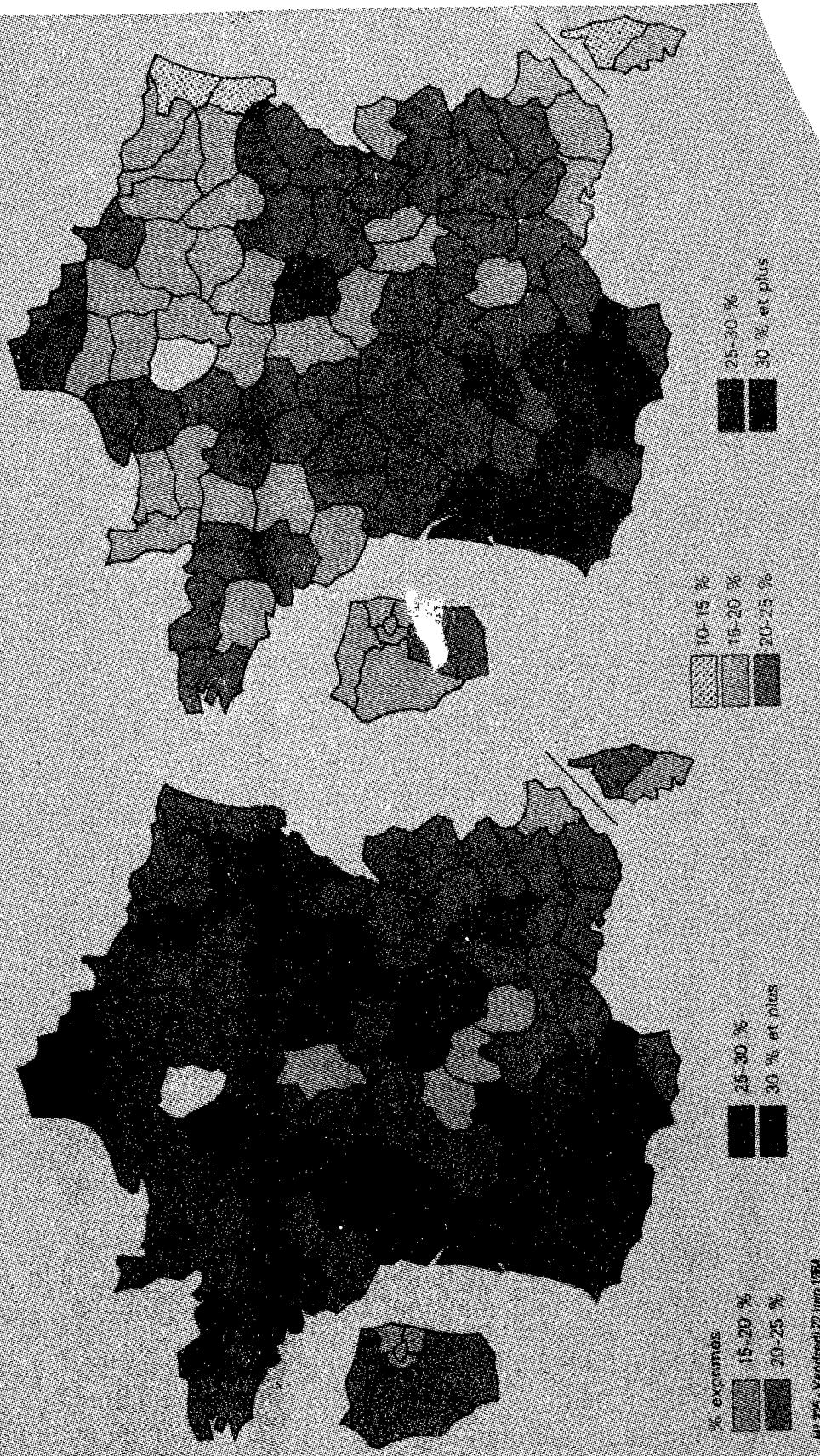
PCF-79



Key to above maps: (1) Percent of stated voting preferences.

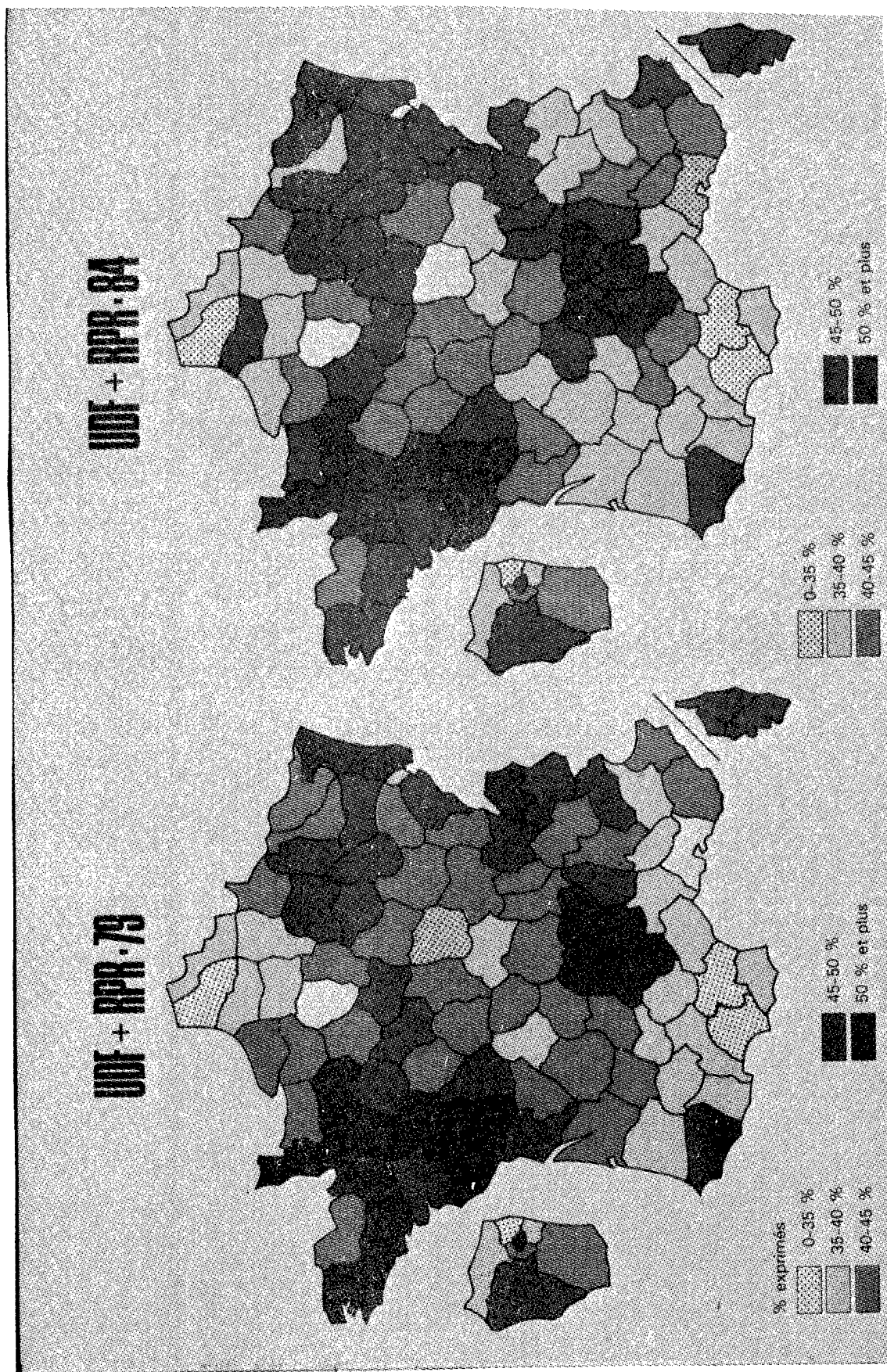
PS-84

PS + MRG-79



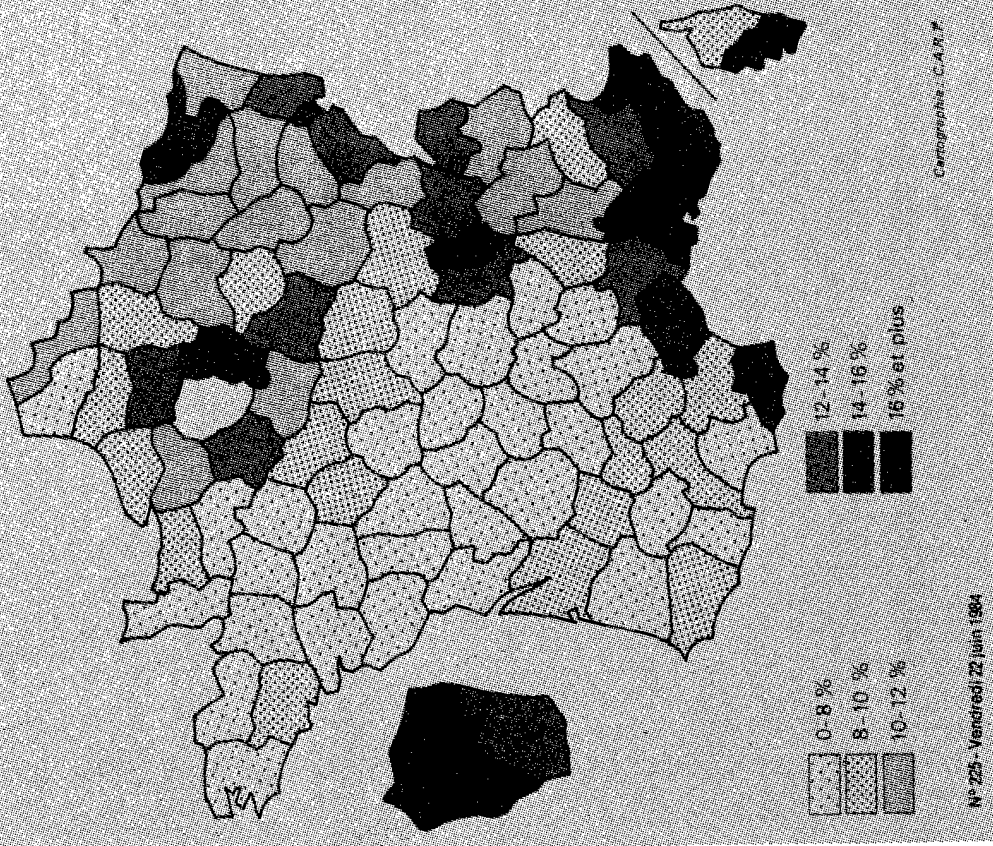
Key to above maps: (1) Percent of stated voting preferences.

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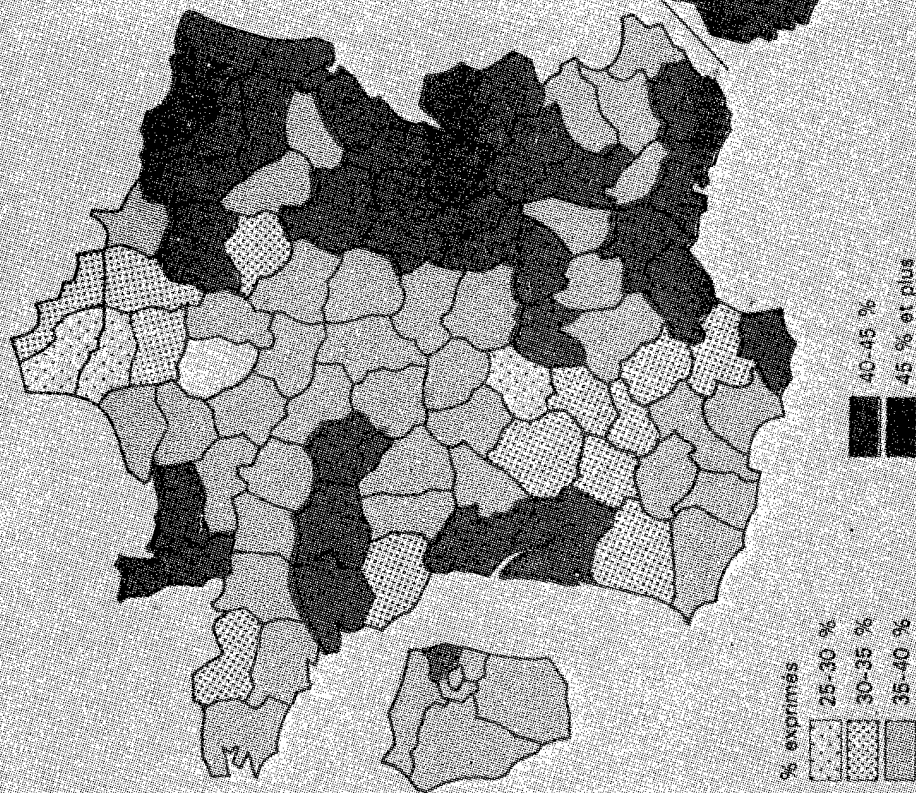
Key to above maps: (1) Percent of stated voting preferences.

LE PEN (FRONT NATIONAL) - 84

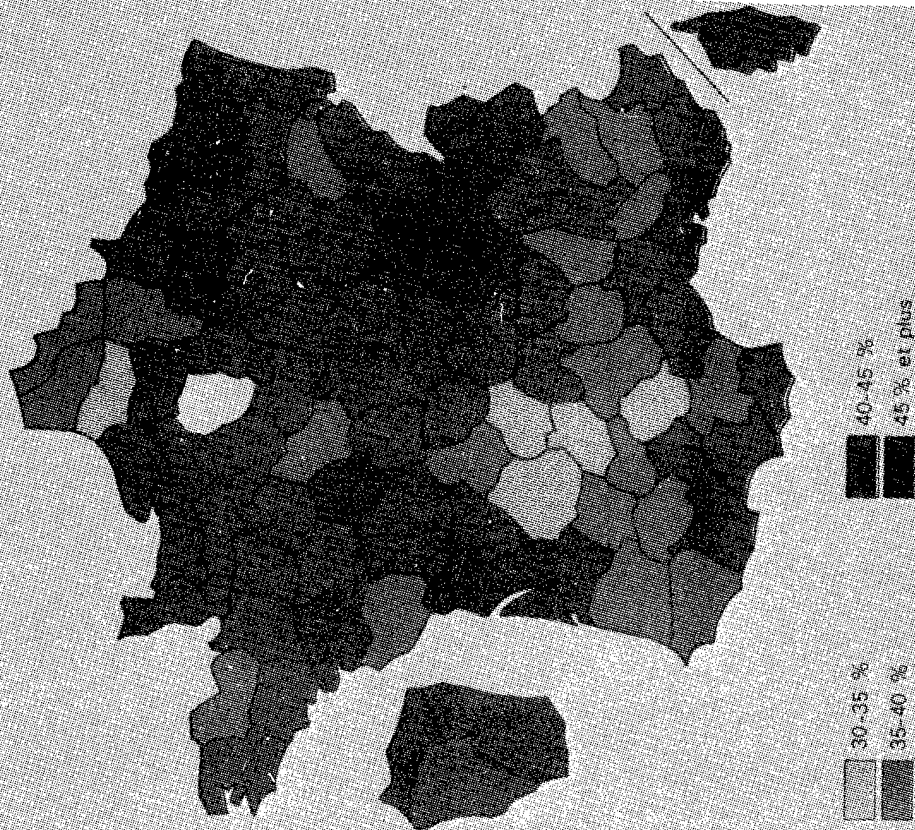


Key: (1) Percent of stated voting preferences.

ABSTENTIONS · 79



ABSTENTIONS · 84



Key to above maps: (1) Percent of stated abstentions.

Evolution des résultats par grandes familles et par régions																		
REGIONS	PCF				PS				RPR-UDF									
	% Inscrits		% exprimés		% Inscrits		% exprimés		% Inscrits		% exprimés							
	1979	1981	1984	1979	1981	1984	1979	1981	1984	1979	1981	1984						
ILE-DE-FRANCE	13.40	13.05	6.46	22.96	16.51	11.91	11.79	19.60	10.06	20.23	24.79	18.56	26.30	35.11	22.94	43.34	44.40	42.30
CHAMPAGNE-ARDENNES	11.59	12.96	5.43	20.42	16.13	10.18	12.71	20.55	9.95	22.38	25.53	18.56	26.57	37.17	24.27	45.03	46.17	45.10
PICARDIE	17.27	17.23	8.47	26.53	20.69	14.36	14.24	20.68	11.46	21.96	24.84	19.45	25.23	35.57	22.96	38.91	42.73	38.30
HAUTE-NORMANDIE	13.67	14.45	6.73	23.28	17.56	12.44	14.17	21.88	11.25	23.78	26.80	20.68	24.11	36.00	22.79	40.46	43.75	41.73
CENTRE	11.82	11.83	5.92	20.01	14.55	10.66	13.80	20.59	11.45	23.36	25.31	20.66	26.48	37.83	24.40	44.81	46.27	44.01
BASSE-NORMANDIE	6.93	7.57	2.89	12.43	9.28	5.92	12.70	20.00	9.92	22.77	24.61	18.23	28.11	43.71	26.79	50.42	53.57	49.27
BOURGOGNE	9.96	10.73	5.35	18.01	13.51	9.93	15.27	23.89	12.46	27.60	30.10	23.12	22.94	35.27	22.98	41.46	44.44	42.05
NORD-PAS-DE-CALAIS	17.73	18.55	9.86	26.91	22.08	16.84	17.76	22.34	13.09	26.04	28.59	22.09	23.03	34.63	21.26	34.38	41.22	35.83
LORRAINE	8.46	10.88	4.07	15.68	13.60	8.11	13.14	21.28	9.05	24.30	26.60	18.04	24.17	38.10	21.86	41.68	47.02	43.57
ALSACE	3.30	4.00	1.17	6.20	5.09	2.39	11.07	17.68	6.72	20.80	22.50	13.80	26.22	46.58	24.45	54.91	59.28	50.22
FRANCHE-COMTE	8.29	9.69	3.80	14.73	12.08	6.86	15.19	23.23	12.89	26.98	28.96	22.62	25.69	36.22	24.49	45.63	45.16	44.23
PAYS DE LOIRE	6.65	7.22	3.06	11.80	8.82	5.72	13.42	20.69	10.77	23.79	25.20	20.21	23.61	42.95	27.29	52.51	52.46	51.19
BRETAGNE	8.71	8.88	4.59	14.75	10.56	8.13	14.75	21.82	12.58	25.00	26.55	22.09	23.24	41.45	27.22	49.56	50.43	48.22
POTOU-CHARENTES	10.25	10.18	4.98	18.19	12.64	9.36	14.70	21.20	12.23	26.10	28.32	23.02	26.48	36.45	24.47	46.22	45.25	46.03
AQUITAINE	12.05	12.09	6.06	20.01	14.88	11.11	17.00	24.81	14.72	28.23	30.50	25.71	24.71	34.94	24.29	41.02	42.96	42.44
MID.-P.-PYRENEES	11.73	11.92	6.25	18.69	14.76	10.34	17.85	25.06	16.76	29.82	31.03	27.54	23.89	33.60	23.35	38.91	41.63	40.12
LIMOUSIN	19.08	18.90	12.22	30.56	22.89	20.19	13.46	19.61	14.09	21.56	23.54	23.19	25.13	37.72	24.18	40.25	45.29	39.96
RDHNE-ALPES	9.95	10.90	4.86	18.61	14.06	9.42	12.59	20.21	10.79	23.43	26.07	20.78	24.78	35.68	22.85	45.37	46.03	43.87
Auvergne	11.84	12.80	6.74	20.60	15.12	11.76	13.89	26.79	12.70	24.34	26.56	22.17	25.78	39.54	25.02	44.85	48.50	45.45
LANGUEDOC-ROUSSILLON	16.63	17.03	8.62	29.35	21.46	16.96	13.42	21.24	13.83	23.89	26.76	23.56	21.22	32.25	20.23	37.46	40.64	35.73
PROVENCE-COTE D'AZUR	14.69	16.15	8.04	26.26	20.72	14.36	11.65	18.16	10.16	20.82	23.83	18.15	23.20	35.32	21.47	41.48	45.32	38.35
CORSE	9.36	10.38	7.96	20.93	16.19	15.89	9.31	12.88	7.46	20.21	20.06	14.90	25.79	34.36	21.51	56.00	53.56	42.79

Key:

1. Percent of registered voters.
2. Percent of voting preferences.

U.S. ENJOINED TO USE CARE IN RELATIONS WITH PASOK

Athens MESIMVRINI in Greek 19 Jul 84 p 4

[Article by Alexandros Velios]

[Text] It is time for us to try to see a little more clearly--behind the supposedly blinding crisis with the United States, behind the faulty dialogue in the scenario of contacts with NATO, behind the war of factions superficially shaking up PASOK, behind Papandreou's scurry to the safety of Karamanlis. More than a month after the catalytic test of the elections, it is as if a new set is being feverishly erected. Because everything has changed--and most of all for PASOK. Emerging from the forge of 17 June, our political life is already subject to the hammering of a new reality:

For 32 months, Andreas Papandreou has shown glaringly to the entire Greek nation that he is not bound even by his own words, that he does not feel accountable to anyone. The verbalistic acrobatics, the dictatorial exercising of power, and the deep contempt for the people have been the principal characteristics of his political perception and operation. The magnitude of the people's opposition to such a policy was demonstrated on 17 June. The people's clear, progressive demythologizing of the "first Greek socialist prime minister" has restricted to the minimum Papandreou's verbalistic margins. The elocutionary theater is no longer functional--a message which the PASOK prime minister seems to have gotten. With some small exceptions, the rule for his behavior for a month now (a record!) has been to avoid bombasts and garrulous gestures.

Correspondingly, the catalyst of the electoral result landed the PASOK regime abnormally; it appears today to have lost every essential political dimension, every bit of political caliber and its own will to exercise political power. The personal mutual-anathemas and revival of the faction's coarse war is nothing more than the visible phenomena of an accelerated disintegration which has attacked the organism of the governing party. Because the electoral result showed that the people's progressive awareness, the irrevocable course of events, is leading with mathematical logic to PASOK's marginality, and that the country's future belongs to a healthy, modern, democratic, determined and vigorous political faction--whose agent New Democracy is to some measure and may become more fully. Since 18 June the PASOK government has been living essentially in an incubator.

This new climate, which Washington knows about, entails a new readjustment of U.S. policy in accordance with the present Greek reality. Before 17 June, the United

States faced a government which had popular acceptance but which sullenly used popular sentiment instead of submitting to its specifications; a government which found its foreign balance by making ideologic concessions to the Soviets and strategic concessions to the Americans (the bases). In this way Papandreou secured the complaisant tolerance, if not the silent support, of the insulted U.S. factor.

Since 18 June, things have changed. PASOK's electoral defoliation brought to the surface its true, deepest nature. Where Washington once had to negotiate with a sullen political fraternity, it now has to deal with a narrow center of power which operates on the basis of a clearly huckstering perception. In place of a Greek Government, Greece is represented by Kastrì. The U.S. factor appears to have become aware of the difference. The Burt demarche put new limits on the game--more narrow limits. But the orders which Ambassador Sterns received prior to his famous meeting with Papandreou were far more revealing: "Assure the prime minister that the U.S. press is exxagerating and that we are willing to do business with him." (SIC) As known, "business" has a broad meaning which may include anything from the "purchase of the century" to some NATO accomodations on a "technical" level....

In any case, both before and after 17 June, U.S. pragmatism has found a very complaisant fellow-converser in Papandreou. In the last analysis, the Americans negotiating with ND governments had, in essence, the entire Greek nation for a fellow negotiator. ND felt morally bound and accountable to not only its own popular base, but also that of the opposition forces. Papandreou and the closed nucleus of PASOK have shown in countless cases that they are acting without such a commitment, in order to serve their own political and personal interest. The way in which the bases agreement concluded is perhaps the leading--but not the only--example of that kind.

In light of the above, the post-electoral reality is making the Athens-Washington relations even tighter and they essentially are now assuming a personal character and content. At the same time, it strengthens the U.S. factor's realistic temptation to regale fully now its political rapprochement to this country in extorting direct, concrete, narrow benefits ("purchase of the century," Aegean issue, Cyprus), in an easy effort to serve the United States' interests in the short-term.

Nevertheless, while conversing preferentially--as much as openly--with Kastrì, and benefited in the short-term by the advantages of such a relation, Washington is in danger of being identified in the eyes of the Greek people with Papandreou and of being credited equally in popular sentiment with the crashing failure of PASOK. In other words, in serving their short-term interests in the area, the United States is in danger of undermining in the medium-term the very deep Greek-American ties.

Facing the current Greek reality, this is the nature of the U.S. dilemma.

There are factors in Washington who, with a long-term perspective, envisage with sincerity and realism a real normalizing of Greek-American relations. However, such a normalization can only be based on the moral and political acceptance of the U.S. presence by the traditionally pro-western popular forces in Greece, forces whose national self-respect and moral sensibility cannot and must not be disregarded. The deepest political realism dictates this.

ALLEGED REASONS FOR MINI-CRISIS IN RELATIONS WITH U.S.

Athens ANDI in Greek 20 Jul 84 pp 4-5

[Excerpts] Suddenly the issues of foreign policy--and of defense--have begun to take fire in the 8-column pages of the daily press. Some people have been speaking about a "mini-crisis" in relations between Athens and Washington. Others about a "summer challenge by Washington." Still others have caught a glimpse, in certain articles in the American press, of an attempt to "measure" the Greek government's staying power.

Three Interpretations of the "Mini-crisis"

What were the Americans aiming at in creating this "mini-crisis" in Greek-American relations? One possible interpretation would be that Washington "has finally tired of the disquieting antics of Papandreou" (this is asserted passionately by the Right) and wants get rid of the PASOK government! But this interpretation is not corroborated anywhere. The Americans have not stopped believing that with K. Karamanlis in the president's office, PASOK will be winning the coming elections. Consequently they are adapting their policy accordingly.

But can it be that they are figuring that PASOK's position now--after the outcome of the Euro-elections on 17 June--is weaker and that Premier A. Papandreou is more susceptible to pressures? This interpretation should not, perhaps, be ruled out, in view of the American presidential elections. And since Reagan wants a free hand in whatever concerns the "Turkey" issue (and the interventions of the pro-Greek "lobby" bother him enormously), it has been thought that he has every reason to depict the Papandreou government as an "unreliable ally" which sometimes makes advances to the USSR, sometimes puts up with the activity of prominent "terrorists," and sometimes undermines the unity of NATO....Consequently, those American senators who insist on linking aid to Turkey with progress on the Cyprus question or with the status of the acts of torture which are prevalent in the Turkish prisons will do well to reexamine their attitude. As for Papandreou himself--who in the Euro-elections lost 6.49 percentage points and whose separation from the New Democracy Party is 3.5 percent now, whereas in the 1981 elections it was 12.2 percent--will do well to come down a peg or two. If he does not do this, he will be harming himself. If he does do this, the argument supposedly goes, if he ceases to be "anti-American" and "anti-West," we are here to help him!

But there is also a third interpretation which Kh. Bousmporelis chronicles in the VIMA TIS KYRIAKIS: The Americans thought that perhaps the Papandreou government was in need of "a certain initiative" in order "to revive (especially after the results of the Euro-elections) public opinion in its favor." And since domestic issues are not suitable for such an "initiative"--whereas Greek-American relations are suitable--the Americans proceeded to make a forestalling move. That is, instead of waiting for some "anti-American outburst" on the part of the Greek government, they took the initiative first, charging the Papandreou government with "anti-Americanism," "pro-Sovietism," and so forth. (Certain other analysts have believed that the business of "reviving public opinion in favor of PASOK" might have manifested itself also in the direction of the president of the nation. However, relations between the premier and the president of the republic, as the meeting of last Wednesday demonstrated, are going well. Very well).

Reaction In Angry Tones

In any case, and regardless of which interpretation prevails, it is certain that the reaction on the part of the Greek government to this American attack was extremely vehement. If American interferences in domestic Greek affairs continued--government spokesman Dim. Maroudas stated immediately--if the balance of 7 : 10 were to be upset, then it was possible that there should be a reviewing of the entirety of Greek-American relations, with this "including our accommodating of the American bases, as well as of the Voice of America."

This warning was clear. And however much it may be the case that lofty, angry tones do not always--in diplomacy--express corresponding intentions, the initial feeling was that we are heading toward a new crisis in Greek-American relations.

It was within this climate that the meeting between the premier and the American ambassador, M. Stearns, took place (on Wednesday, 11 July). And suddenly the atmosphere of tension changed. Everybody seemed to calm down. As for the problems, they were raised, but--as the premier explained--"solutions could not be found at this level." Now Mr Stearns--continued A. Papandreou--will convey the positions of the Greek government. "We are optimistic at all times that the problems will be solved."

After the tempest, optimism....But what did the premier mean when he said that "solutions could not be found at this level"? Some people said: It was an indirect invitation to Shultz or Weinberger to visit Greece.... Certain other people were saying: The premier was indirectly manifesting his readiness to visit Washington himself, if this might mean a resolution of the unsettled Greek-American problems....But what is certain is that before 48 hours had passed since the meeting between Papandreou and Stearns, suddenly it was not Shultz or Weinberger who came to Athens, but the NATO supreme commander, General Bernard Rogers.

The Meeting Between Papandreou and Rogers

What did the premier discuss with the NATO commander in chief, in the presence also of Alternate Minister of National Defense A. Drosogiannis?

The discussions were conducted in a good climate. No decisions were made--said A. Drosogiannis--but "there was an understanding." Of course the issue of the Larisa headquarters was--and remains--a "thorny point," since the Greek government is insisting that first of all the scope of operational responsibility for this headquarters must be cleared up. But on the issue of Limnos and the prerequisites for the participation of the Greek armed forces in the NATO maneuvers, it seems that there has been a certain amount of progress. At least this was the feeling of most political analysts, on the basis of information which had leaked from government circles!

And suddenly, three days after the meeting between Papandreou and Rogers, the government's spokesman felt the need to explain that "the exclusive objective of the discussion which was held following the meeting of the Greek premier with General Rogers was the operational responsibility in the Aegean in conjunction with the Larisa headquarters." And he added: "No progress was noted."

But why was this statement made? Was it because--in view of the session of the PASOK Central Committee on 28 July--no impression should be given that in some area, at last, "we find common ground with NATO"? (This interpretation is not our own, but is going the rounds...) Is it that we should retain "intact" our negotiational trump cards "in view of the arrival--on 26 July--of the secretary general of NATO, Lord Carrington"? Is it because the officers of PASOK do not easily comprehend any rapid transition from "hot" to "cold," from "crisis" to "mutual understanding," from "tension," to the "relaxation" of Greek-American relations?

12114

CSO: 3521/316

'PRESIDENT'S MEN' WARNED TO PROVIDE BETTER INFORMATION

Athens TA NEA in Greek 19 Jul 84 p 4

/From the "Flashes" column: "Information and the President's Men"/

/Excerpts/ The Presidency of the Republic covered yesterday's 3-hour meeting between the president and the prime minister with a laconic statement devoid of any information, to wit "President of the Republic Kon. Karamanlis today met with Prime Minister A. Papandreou who briefed him on domestic and foreign policy issues."

TA NEA first of all wants to point out that these kinds of announcements are useless because they do not provide information either to representatives of the press or the people. And also because they are announcements that show that their authors, who are the president's men, underestimate our intelligence when they make known that the president and prime minister discussed domestic and foreign issues. We wonder whether they could tell us what other thing the two men could discuss that would be neither a domestic or a foreign issue?

It is natural that the rare meetings between president and prime minister would stir up interest in both journalists and the people. It is also natural because our country has vast problems that are of concern to public opinion on a daily basis. When, consequently, these two men, who have in their hands the fate of this land, meet to discuss these problems, the Greek people --and all people-- who enjoy the benefits of democracy have the right to be informed.

They Are Reduced to Bondage More Easily

Because it is a common belief that those peoples who are not informed and who are not concerned on a daily basis with the fate of the masses are those who are reduced to bondage more easily than anyone else and they are the ones who at a time of crisis and struggle are found "to be asleep."

Certainly, things are said between the president and prime minister that because of national security considerations should not be announced. Nevertheless, a 3-hour meeting cannot possibly cover secret matters only.....

We believe that the unacceptable situation that has been fomented by "the president's men" relating to the movements and contacts of Mr Karamanlis and relating to his meetings with the prime minister should come to an end.

This is so because how can the people form opinions or have a proper understanding of reality and how can they correctly assess issues with regard to NATO, the EEC, the dispute with Turkey, elections, the electoral system, the economy and so many other major current issues if the responsible leadership of the country does not bring forth to them the views and discussions of the two responsible men?

It would be good if the president's men themselves were to assume that...heavy task so that "they might be worthy of their paychecks" and so that the people might not remain in the dark.

5671

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SCENARIO FOR POST-KARAMANLIS ERA

Athens KYRIAKATIKI ELEVTHEROTYPIA in Greek 22 Jul 84 p 8

[Article by G. Mavros]

[Text] The eventuality we will face one way or other, if not in May 1985, then surely in the spring of 1990 is: Sometime, Konstandinos Karamanlis will be missing from the political lists.

How, in general, will the republic function in such an eventuality and how, in particular, will the institutions' relations with sociopolitical proceedings develop?

One thing is sure: That after 1990 we will have a new president of the republic who certainly will have at some time made his (innermost) intentions known, will have "been examined" by journalists, will have officially given a press conference.

Therefore, in order for one to mark off some coordinates for the Greece of 1990, he must only rely on the critique of the president's regime and, eventually, the opinions of the party to which he once belonged about his person and his role in our political life.

"New Democracy" thinks Karamanlis:

1. Is a political and priestly personality who, without any action, with only his personality's magnetic fluidities, imposes moderation on our political (and economic) life.
2. Subdues impunities and excesses even within the parties.
3. Curbs propensities to the extreme Right and royalty.
4. Ensures authority internationally and, because of this, restrains the Turks.
5. Empowers the institution of the Presidential Republic.
6. Ensures maximum cohesiveness in the armed forces and security corps.

Of course, it would be arbitrary for one to use these ND opinions as a self-characterization of Karamanlis. But if he includes the (visible) elements of his regime, perhaps he can come close to reality.

The fact that the specific person lent authority to the institution of the Presidential Republic, for example, is acknowledged by all the parties, no matter how many partial reservations about the republic's contents they might have. Hence, it is a reality.

Legacies for the Successor

Then will his successor not be in a position to maintain the institution's authority? In other words, in post-Karamanlis Greece, will those nostalgic for royalty raise a head?

Dangerous and thoughtless conjectures cannot answer the question. There are the facts however: The political junctures and laws created those appropriate conditions which led to the result of the 1975 plebiscite and the present situation, where the issue makes everyone hilarious. Karamanlis' contribution was precisely that he created legacies for his successor but also barriers for those nostalgic for royalty who belonged to the party he founded.

1. Political and priestly personality. Here, as events show, his successor will possess sufficient reserves of such qualities because his name will be Andreas Papandreou.
2. He imposes moderation on our political and economic life. The KKE's position--not official, of course, but conclusive--gives, we think, the social stigma of Karamanlis' regime as president of the republic: "He is suitable enough as president of the republic with a government (Editor's Note: of PASOK) which simply adorns the bourgeois regime. But he does not offer guarantees for a course towards socialism."

Thus the communists most clearly place in doubt the position that the Karamanlis-Papandreou "twosome" expresses the correlation of forces in Greek society, or a kind of personal "historic compromise." They also indirectly acknowledge that the president of the republic at least has not made use of the superpowers given him by the 1975 Constitution, which they are openly and officially asking to be revised.

The same thing happens with PASOK where the bombs against Karamanlis came from, and were expressed in, its congress only by the so-called left-leaning trend, but they do not appear to have exerted an influence.

The president of the republic, who will come from the Chamber of Deputies, let us say in 1990, will therefore have to choose between moderation in political life and ensuring the viability of the road to socialism.

Outlook for Andreas in 1990

He will be for the first case if the governing party has not voted for him, for the second if the reverse is true.

3. Turkish plot, armed forces. It does not appear that the Cyprus and Aegean issues will have been solved by 1990, as the prime minister himself has repeatedly underscored. If the forecast--already circulating in political and journalistic

circles--that the prime minister will seek the presidency in 1990 is proven correct, it is logical for one to conclude that Karamanlis' indirect or direct absence from the maneuvers will not be particularly perceptible, like, for instance, his international authority--particularly westward.

In ensuring the armed forces' cohesion, however, the successor to the current president will probably encounter some difficulties, in our personal opinion, and for the following reason: Beginning in 1990, the graduates of the O. Angelis and Bonanos Army Academy will begin to enter the armed forces en masse. No matter how many democratic postgraduate studies these classes attend, it will be difficult, we believe, to "deprogram" them from the brainwashing they have suffered from professors like Georgalas and Plevris.

In short: In the post-dictatorship, post-royalty, post-Karamanlis Greece, the institutions will continue to be influenced by people. This is a reality in our country, and it makes the (correct) position that "people should not be identified with the institutions" simple idealism. The examples of institutions which have been influenced by, if not identified with, people are obvious and recent: New Democracy-Karamanlis, PASOK-Papandreou, KKE Interior-Kyrkos, Presidential Republic-Karamanlis.

So the choice of the person who will succeed Karamanlis will be prescribed (except for unforeseen circumstances) by this practice which for our country seems, for the present, to be law. The logical forecasts about political developments, but also facts, "throw down the gauntlet" to the current prime minister. Because, to say it cruelly, there does not seem to be anyone else.

9247

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SITUATION IN POST-KARAMANLIS ND LAMENTED

Athens POLITIKA THEMATA in Greek 20-26 Jul 84 p 20

[Text] In 2 months, the New Democracy Party will become 10 years old. No matter how much this party has been--with respect to the origin of most of its officers--a continuation of the parties of the traditional Right, it is certain that this has formed a new center for rallying together a group of people with different convictions, which K. Karamanlis has successfully guided in its initial steps.

"The ND is based on the realization that a new political life is necessary for the survival, the progress, and the success of Greece," its founder used to stress.

It is not certain that since the time when K. Karamanlis withdrew from its leadership the ND has followed his guidelines. On the other hand what is certain is that it has shrunk. And instead of a new policy, it has reverted to an older one.

The promise which is included in its founding proclamation, that it will be revitalized continually by the young forces in the country--which it regards as superior in all cases because they express more directly the pulse of our times--has become a dead-letter issue.

The oppressive gerontocracy which has been guiding the activity of the party for some time now is distinctive. And whereas young professionals who are hardly more than children are making their way everywhere because they bring with them vitality, elan, know-how, and boldness, the ND is still resisting "opening up" to some "young people" to allow them to enter its political council.

The New Democracy Party is hardly 10 years old now. But how prematurely has it aged....

12114

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KARAMANLIS-PAPANDREOU TALKS: ISSUES DISCUSSED

Athens POLITIKA THEMATA in Greek 20-26 Jul 84 pp 12-14

[Text] Under normal circumstances, meetings and collaborations between the president of the republic and the premier should be something entirely common. Thus at first glance it seems curious when the press insists on giving the dimensions of a special political event to a meeting of this sort which took place this past week. But also the secrecy which prevailed afterwards with respect to the issues discussed has allowed impressions to be formed which by no means are complimentary to the functioning and the level of relations of the two preeminent constitutional figures. Thus, are relations so strained that an ordinary collaboration becomes a political issue? This was the question which the uproar in the press raised among the people. In the following commentary, our political editor answers the questions which have been generated.

Once more the chief of state of the Greek Republic and its premier have been in the foreground of journalistic news and prominence by reason of a long collaborative meeting which they had at a seafront hotel.

Aside from the understandable uncertainty about as well as the more general interest in what specific issues concerned them, this meeting between Konst. Karamanlis and Andr. Papandreou also brought back into focus a question which has been bothering every Greek since the aftermath of the national elections of October 1981. This question is: How are relations between these two men? How do they work together? How are they getting along today? These questions arose directly after the outcome of the elections which caused PASOK to be the foremost party in strength and which gave the new constitutional institution of a parliamentary democracy the opportunity to deal practically with its most serious trial, in that for the first time since December 1974 it brought to the highest offices two dissimilar orders. The questions and the uncertainties concerning how relations are faring at the top of our political structure have been multiplying in this period, when time is beginning to run short and many

exceptionally critical if not decisive decisions will have to be made by both sides.

And let us understand very clearly that there is a twofold issue which at this moment is bothering and concerning equally gravely both the president of the republic and the premier as the leader of a party: On the one hand, the time when the coming national elections will be held, and on the other hand the system by means of which the 300 deputies will be elected to the next Chamber of Deputies. These are truly burning issues which in any case will play a dominant role in immediately approaching developments in Greece.

The Time of the Elections

But let us take matters from their beginning. The fixing or rather agreeing on the time for conducting the elections concerns both men equally. It concerns the president of the republic because if they are held before the choosing of the chief of state next May, this will determine the Chamber of Deputies which will select him. That is, whether the president of the republic will be chosen by the present chamber which was formed on the basis of the people's verdict of October 1981, or by a new national representative body which will voice the desires of the popular will of today and will be closer to the present-day will of the people.

Reports which are considered to be fairly reliable depict Karamanlis as leaning toward the view that it would be more beneficial to the newly created institution of president of the republic for the selection of either himself or some other person to be done by a new Chamber of Deputies, so that the chief of state who is chosen on a subsequent day for a period of 5 years (1985-1990) will not be counting on the votes of a Chamber of Deputies whose term of office has already lasted almost 4 years and which will be at the end of its political life.

Inasmuch as this is how things stand, then from the viewpoint of the president of the republic it is logical for the new elections to be fixed before the ending of his own term of office--that is, before next April 1985. These considerations pertain to the president.

With the recent experience of an indisputable drop in PASOK's strength, which has amounted to as much as 7 percent, it is to every political interest of the premier to want elections to be held, not only because he believes that by moving them up he will avert a greater collapse and more losses, but also because this will not allow his political adversaries to regroup and make preparations. It is now known that A. Papandreou is being subjected to pressures from some of his officers within the party, who are urging him to proceed to elections--even as early as in November 1984--in order to avoid worse developments and troubles, since it is not anticipated that the economy will improve nor is it expected that any progress will be seen on the great foreign issues. Consequently "the more we delay, the more we lose," they assert.

That is, we find that both the president of the republic and the premier have reasons, and in fact substantial reasons, for not wanting the present Chamber of Deputies to go as far as the utmost limits of its term of office, and this is true despite the things which they are obliged to assert publicly between now and October 1985 so as to not create a premature election-campaign atmosphere which in any case would be harmful to the domestic situation.

And the spring of 1985 appears to be the most suitable time, for two reasons above all. Firstly, because February or March 1985 will be a time only 6 months prior to the expiration of the constitutionally fixed 4-year period, an interval which in any case does not cause problems. Secondly, because the country is not able to endure financially and administratively two electoral confrontations within a few months (the Euro-elections and national elections) while certain foreign questions find themselves at a critical juncture or in abeyance, such as Greek-American relations, the Cyprus question, our relations with NATO, and so forth.

Consequently, at least on the issue of the time for conducting the elections, we can assert that K. Karamanlis and A. Papandreou are not so far apart that a clash of views is found.

The Electoral System

Where it seems that a difference in views will appear is on the issue of the electoral system, assuming of course that we accept the whisperings from the government side that a bill is already prepared which without agreeing to the unmixed simple representational system decrees two rounds for the elections (according to the model of the municipal elections) and sets as a limit for participation in the first distribution a minimum percentage of votes which each party will have to win throughout the nation (there is talk of 4 percent).

Is it possible for the president of the nation to consent to such a system? That is, is it possible for him by his signature to open the door to any party whatsoever which, in order to secure a majority of the 300 deputies in the Chamber of Deputies, may proceed to engage in concessions, bargaining, compromises, subordinating relations, and intimidations of every sort of some other party which will have (thanks to this system alone) the requisite number of deputies for forming the parliamentary majority?

Is it possible for the president of the nation to appear today to be consenting to a system like that of simple proportional representation which he always used to assert cannot provide viable governments, and for him to condemn the reinforced proportional system which not only has been successfully tried in practice and has given viable governments to Greece whenever it has been used but also has become the generally accepted electoral system?

In any case, it is figured that when the time comes the choice of electoral system will be an object of long deliberations, because of the radically

opposing assessments on the part of the president of the republic and the premier. Many people assert that the reinforced proportional system with a modification (downwards) of the percentage of participation of the parties in the second distribution can bridge the two views. Time will show this.

But following our "tour" of the political questions which appear at this time as peak issues, we will return to the question: How are these two figures of our political life working together?

In earlier times as well as just recently it was a common finding that the PASOK government and its chairman have always needed Konstandinos Karamanlis. They need his advice, his experience, his know-how, and the great international prestige which he has in the East and West. These terrific virtues of the president of the nation--according to this perception--have always been indispensable in order to make up for the utter inexperience and amateurishness of the government, as well as for certain tragic mistakes in connection with rather general choices which have raised questions abroad and which have been attended to and have been remedied by the personal and direct intervention of Karamanlis.

A. Papandreou understood this early on, and that is why he has not stopped stressing from time to time that if Karamanlis were to decide to stand as candidate for the supreme office in our country for another 5-year period, he himself and his party would give him their hearty support. And he added that the advice of the present president in the shaping and stabilization of this institution is boundless and priceless as well to the smooth functioning of our system of government.

It is not at all incidental that these "flatteries" towards the president of the republic from the premier have been made personally by Andr. Papandreou more than two or three times up to now, and it has become a common conviction that if Karamanlis were to stand as a candidate again, the PASOK deputies would vote for him.

But there are also a number of people who assert that all these things constitute "political scheming" by Papandreou, who wants to have his rear protected by the time the issue is raised in the Chamber of Deputies and thus is being deceptive. In fact the same people stress that assuming the present Chamber of Deputies finally selects the next president, PASOK and its ideological cousins, the communist parties, have the requisite 180 votes to elect their own candidate (always figuring in also certain independents).

These views may be extreme, but they represent a serious apprehension or doubt. Going back to the recent experience of the last 33 months of PASOK's governing of the country, we converge on the following observations:

A) On the part of the president of the republic an earnest and sustained effort has been made to avoid ever creating--even in a single case--an impression among the public of any confrontation between him and the

government. Not even in the handling of issues where the disagreement was blatant and obvious.

One can say the same thing about A. Papandreou personally, but not about all of his ministers, who sometimes openly (cases of Men. Koutsogiorgas, Ak. Tsokhatzopoulos, and so forth) and sometimes secretly have tried to embroil Karamanlis in the two-party struggle. Certain articles appearing in a coordinated fashion recently in pro-government newspapers or publications have strengthened this impression.

B. It seems that the president of the republic has intervened many times in order to avert rather general entanglements on issues of foreign policy. In fact, he has done this wherever he has judged that specific governmental actions would create problems for the country. And it should be underlined that at these times the government has respected and abided by the president's recommendations. In any case the president's interventions in connection with the government have been understood by the public.

C. The president has shown a clearly more cautious approach--it is generally recognized--to questions which have had to do with issues of domestic policy, where in very many cases logically he should have had a completely different viewpoint and assessment. But his judgment has been that the government always had the political responsibility here. And for this reason he has avoided any confrontation, a course of conduct which has been appreciated by the public.

These tactics have been followed in economic, social, and administrative policy, where assessments have been made carefully and from a distance, seeing that in the meantime the corresponding popular reactions had been solicited.

In conclusion, we will stress that no objective observer can deny that in its first 10 years of existence the young Greek parliamentary republic has passed certain tests. The trials of the last 33 months have given encouraging portents of staying power in connection with top-level relations, where for the first time the leaders of the nation have had differing judgments, both because of their origin but also because of different ideological orientations and "credos" more generally.

12114

CSO: 3521/316

KKE: BASIC CONDITIONS FOR COOPERATION WITH PASOK

Athens TO VIMA in Greek 15 Jul 84 p 5

[Article by Giannis Roumbatis]

[Text] "Ultimately what are you asking for? How many ministries do you want? Three or four?"

This question was asked many months ago--half-jokingly, half-seriously--by a PASOK minister to a leading figure in the KKE.

And the answer which this figure gave left no room for misunderstandings at that time:

"Do you think we are insane? What can we do with ministries when there is no basis for cooperation? When there is no minimum agreement on any joint program...?"

Today, a week after the decision by the plenum of the KKE Central Committee and many months after the above discussion, the same leading officer bluntly states that "there cannot be cooperation nor even a discussion on cooperation with the government as this exists in its present form and given the policy which it is following."

And this is because according to the same figure the present government "has not understood something very important": That there cannot be changes--he says--without a break with at least a certain portion of the Establishment. In his opinion, the reason is simple: Any such change--he asserts--which could be created with the consent of precisely those forces which will be hurt by a new order of things is a contradiction.

It seems that this position has been a constant one in the criticism which the KKE has been voicing for some months now concerning the policy of the present government. In the decision of the plenum of the KKE Central Committee there is reference to the need for there to be "an effective criticism." Up to a point, this reference is a recognition of the fact that the criticism which the KKE was leveling up to very recently concerning the government's policy was not being understood by a large part of the Greek people.

At various times the impression has arisen that the KKE "is in cooperation" with the government. Certain persons--mainly on the Right--have even talked about a "collaboration" between PASOK and the KKE which was the result of a certain agreement at the leadership levels of the two parties.

It is admitted in the KKE that one measure of the success of the government in the area of impressions is that the criticism which is being engaged in--and which is frequently harsh, they say-- has often failed to achieve its objective. In the KKE there is particular sensitivity to this issue.

"The criticism which we are voicing is not done for purposes of relaxation," says the same leading figure. "It has a purpose which furthers our objectives. It is easy for us to raise our tone. This is simple. But what purpose will this serve? Will they understand why we are doing this? If not, then we have not achieved our goal: To explain what the government has not done."

For the KKE "effective criticism" is that which is persuasive, which is based on true facts, which serves certain purposes, and which leads to a "rallying around of the forces of change."

Regarded as examples of such criticism are the positions which the KKE has taken on Article 4, on the agreement concerning the bases, and on the economic and income policy which the government is following.

However, in the KKE there is also a realism which would like the criticism which is engaged in "to take into consideration the past as well."

As an example, whereas the KKE asserts that pressure ought to be exerted to see to it that the mass news media--and above all television--are accessible to everybody, it stresses at the same time that "nobody should forget that the Right had excluded all the others almost entirely from the television and radio."

In order to overcome certain of the problems which have arisen on account of the "misunderstandings"--intentional or not--concerning the positions which are supported in the recent decision by the plenum of the KKE Central Committee, it is going to announce a series of open meetings soon. Participants in these will be not only leading officers of the KKE but also other citizens who want to discuss issues raised by the decision of the Central Committee.

The objective of these discussions, according to the KKE, is so that people who are not members of the party but who support at least some of its positions "can have a say in the shaping of its policy." But the KKE recognizes that it is particularly difficult "for these persons to express their positions organizationally." That is, to take part as active members in the organizational structure of the KKE. "It is an issue which preoccupies us," they are saying in the KKE.

This issue takes on a particular importance for the KKE because with the new emphasis which is being given to "unity at the grass-roots level," ways

must be found to make it possible for this to yield specific political results.

But more generally as to cooperation which might exist with other parties such as PASOK, the leading figure of the KKE was emphasizing last week that in order for this to exist, two preconditions will have to be accepted: Firstly, there must be a minimum joint program. Secondly, no party should try to impose its own viewpoint. That is, a conciliation of views should take place.

And he was saying that concerning all these things the chief point is that cooperation should not depend on the leadership, but should have its foundations at the grass-roots level.

12114

CSO: 3521/316

REALISM SEEN NEEDED FOR BOTH KKE'S

Athens ELEVTHERTOTYPIA in Greek 19 Jul 84 p 9

/Analysis by Nikos Kiaos: "The KKE and KKE (Int.) Facing New Roles"/

/Text/ The political identity of the country, as shaped by the results of the Euro-elections, has brought the two communist parties to the front of the stage of our political life. As had been written, one of the first things to be ascertained was that the road to government cooperation had been opened since the election results had registered a clear trend toward abandonment of (or even "death" to) self-supporting governments.

The political game, especially between the two major parties, essentially begins now in view of the reckoning to be had for a new Chamber of Deputies. It is in this game that the two communist parties will be judged, i.e. if they are able to play a leading role or if they are to remain in secondary roles, or even a supernumerary one. And, of course, the protagonist is not considered only the party that is now in office or the party that is the major opposition party. What the two communist parties are to seek is how they will be able to impose their presence so as to decisively influence the course of political events and developments. In simpler words, this means how are they to adapt to political conditions that are objectively speaking those that are not embellished, not filled with words of danger and are devoid of "revolutionary" romanticism, while visions will be judged at some later date.

PASOK's ambition in the next parliamentary elections was clearly provided by Andonis Stratis, adviser to the prime minister, in an article appearing in TO VIMA just one week after the Euro-elections. The author wrote that because of the foreign position of our country and because the degree of resistance of the institutions of our young democracy do not permit the government's being supported by the vote of communists, then the people must give PASOK an overwhelming majority, consequently once again a self-supporting government. Leonidas Kyrkos, writing in I AVGI last Sunday, gave this interpretation of Mr A. Stratis' position, and, of course, he rejected the government's ambition.

In alternative solutions, with the end of the self-supporting government, one cannot exclude cooperation --perhaps in an interim stage-- between the two major parties with some sort of "formula." Also not to be excluded is some government formation made up of powers that are today sheltered in and expressed with PASOK and ND.

If, however, the communist parties themselves want to knock on the door of some governmental cooperation and impose their will they must "attack." Their first goal is having the Left set itself limits with PASOK. In this goal they must be convincing that they see the course of the country moving forward toward change and socialism interwoven with democracy and freedom so that in this way they may succeed in gaining the greatest possible popular consent.

In his article in I AVGI, Leonidas Kyrkos stresses that the KKE (Int.) believes in these positions. The problem for the KKE (Int.), however, is that it must first convince the people that it does indeed exist and that it has stabilized into a political structure. In other words, so that the people might "learn" about it. On 17 June, it showed that it passed its testing of 18 October 1981. The 3.42 percent, with which it secured its place as the fourth party of the country, is a beginning but also a boundary marker that could lead to grievous situations. The KKE (Int.) is searching for its identity, And it always has to fight the "danger" --as it has been said-- that it unfortunately is much in advance of events.

The KKE too is searching. And its position is incomparably more difficult. Although it maintained its strength in the Euro-elections it showed a drop in the big urban centers. It did not provide sufficient explanations --and only the question marks on its policy where the reason for this drop is to be found. And it does not "dare" make that leap with which it will convince the people to surmount the opposition by Mr A. Stratis. At the same time, it cannot but "see" the slump in the French Communist Party which, nevertheless, is already beginning to publicly express positions (in L'HUMANITE) that speak of "our cousins the Italian communists."

But the KKE also has in front of it the "danger" from the KKE (Int.) The latter was not "extinguished" in the Euro-elections.

In the political reality of the country, it is the fourth party. If it does not blind itself it cannot but see reality regardless of how "painful" it is.

After October 1981, the two communist parties have had some experience in "co-existence" in the same political group in Strasbourg. Once again in a few days the three KKE and one KKE (Int.) Euro-deputies will join the communist group. The balance there, far away from Athens, has been found (and it was not L. Kyrkos who avoided it and fought it).

Following the elections here the two communist parties, and especially the KKE, revived their differences and their antagonisms. And it cannot escape attention that for the first time ever a decision of of the KKE Central Committee Plenum devoted, with astonishing acrimony and harshness, much space to more criticism of the KKE (Int.) than to PASOK and ND.

As much as this confrontation exists --with acrimonious statements, "charges," accusations, sharp words and expressions by each side-- there is, nonetheless, deep down in the party followers, the voters and, why not, in the members and cadres of the two communist parties that feeling of romanticism, the feeling that "we are of the same ground." Nor can one remove feelings from politics (Nazim Hikmet once wrote "we are romantics"). It is also known that when even

the most passionate adversaries of either one or the other communist party speak of the strength of the Left in Greece they are referring to the overall votes of the two communist parties and even a little further to a small percentage from PASOK.

Political reality in the country is a given fact. For the two communist parties to lay claim to their share in the leftist alternative solution with the end of the self-supporting regime they have no other way than to see reality (and this hold true principally for the KKE).

And, of course, the same holds true even if we do not finally have an end to the self-supporting regime.

5671

CSO: 3521/314

KKE'S FLORAKIS RECEIVES LENIN ORDER DECORATION

Award Made

Athens RIZOSPASTIS in Greek 20 Jul 84 p 1

[Excerpt] Today, 20 July, the secretary general of the KKE Central Committee, Comrade Kharilaos Florakis, celebrates his seventieth birthday.

As the TASS agency broadcast yesterday, by decree of the USSR Supreme Soviet Presidium, the Lenin decoration has been awarded to Comrade Kharilaos Florakis. This highest Soviet distinction, stressed TASS, has been awarded to him for his great revolutionary services, his unselfish struggle against imperialism and reactionaryism, for peace, democracy and social progress, for his great contribution to the securing of friendship and cooperation between the Greek and Soviet peoples, and on the occasion of his seventieth birthday.

The decree is signed by the president of the USSR Supreme Soviet Presidium, Konstantin Chernenko.

Reported Reasons for Decoration

Athens AKROPOLIS in Greek 22 Jul 84 p 18

[Text] The KKE is readjusting its tactic, with three particular aims: To attract to itself uncommitted leftists, and to broaden its influence among young people and women. The goal of attracting uncommitted leftists springs from two notions--first, about these leftists not being influenced by the KKE Interior, which has launched a related intensive effort and, second, about KKE's electoral power being strengthened with uncommitted votes.

As for the young people, KKE found out in the Euroelections that it cannot, as in the past, influence them effectively.

As its leadership discovered, the young people are moving away from KKE because the tactic for approaching them was not in step with their inclinations and demands and because they are not influenced by ideas which in practice do not correspond to declarations.

The young people's withdrawal from KKE is now imposing on it the need to readjust its tactic in order to attract them. For this purpose, it is using the "modern"

method. In other words, it is now instructing the party youth organizations to pass on the "line" that it is not unorthodox communist social behavior if young people go to discos, wear modern clothes or prefer to listen to jazz music.

The KKE leadership hopes this "modern" method will help it bridge the distance separating it from young people.

PASOK has similar problems as concerns young people but it has not yet designated its new tactic to pass on its "messages" to youth.

Furthermore, PASOK's party youth organization is at this moment passing through a crisis, starting from the dispute over the leadership of the party and its youth and reaching the differences over the most suitable government policy vis-a-vis the young people.

As for women, KKE is making an extra effort to attract them. And its goal now is to make it appear it will be occupied more, and more systematically, with their problems.

In the meantime, there is the broadest discussion in political circles, even non-communist ones, about the influx of particularly honorary distinctions to KKE Secretary General Florakis from the Soviet Union (Lenin decoration), Bulgaria (Dimitrov decoration), East Germany ("great star of the peoples' friendship") and Czechoslovakia (friendship decoration).

These honorary distinctions were awarded to Florakis on the occasion of his seventieth birthday. But their motives are clear. Beyond the formal justification for the distinctions being awarded to Florakis, political observers give two different related explanations:

One supports that, in the bosom of KKE, and in connection with the result of the Euroelections from which no increase in its power emerged, the opposition over the "mild" tactic imposed by Florakis vis-a-vis the government sharpened. And this opposition took on such dimensions that the Soviet leadership believed it should be decisively removed.

One of the ways for Moscow to show this fully was the heap of honorary distinctions which were awarded to Florakis so that the KKE party members and base would get the "message" and stop the hostile criticism of Florakis.

The other opinion maintains that the influx of distinctions to Florakis is the indispensable price for his departure from the KKE leadership.

Which of the two interpretations is correct will be shown by events.

9247

CSO: 3521/312

ND SUCCESSION MAY INVOLVE 'THIRD MAN'

Athens EXORMISI TIS KYRIAKIS in Greek 13 Jul 84 p 3

[Article by Kh. Pappas: "A Scenario With a 'Third Man' in ND"]

[Text] The "third man" who is on his way to a neo-democratic Capernaoum is already disturbing the sleep of the leader and his heirs and is also provoking similar opposition in the New Democracy organization which more or less refuses to enter into discussions in expectation of the new "Messiah."

And, in truth, the establishment which invisibly pulls the strings of developments in the major opposition party predetermined the "third man" solution since it would give the Right that affable person that would permit it to once again gain power.

As EXORMISI TIS KYRIAKIS had written previously, the person that the establishment prefers is at this moment outside of the political scene. In fact, he had recently issued a statement making known that he would abstain from active politics for an indeterminate period of time.

According to reliable sources, the tactics employed by this person was dictated to him by the same establishment that is promoting him, with the thought in mind that a certain period of time is needed for the maturing of the idea of nominating to the highest office of ND a person who is outside of the traditional Right.

Characteristic of the acceptance that a "third man" solution has for ND is the fact that another important official of the party who is outside of it had promoted the candidacy of a person favorable to him, a former bank director, who, nevertheless, was rejected "after receiving much praise." This party official "was forced" to accept the solution that the establishment had predetermined perhaps because he himself inwardly believes that their protege is still "ignorant" about politics.....

With these facts in mind, what is undetermined up to now is the manner and especially the timing of the installation of the "Messiah" as ND leader. Many pieces of information contend that the conduct of the temporary leadership will be predetermined for a period of time by some heir who would resign at some plausible time, at any rate prior to the next parliamentary elections in October 1985.

And the Party?

The party does not at present have either the time or desire to become engaged in something that one way or another it has no reason to since it is not about to be asked....

Besides, the party is at this time being consumed at all levels with criticism over the Euro-election results which, as is well-known, constituted a bitter experience for its followers, both those in and out of the organization.

As to how tough this criticism is is revealed by the fact that Mr Averof, ND leader, was obliged to announce intra-party elections in an obvious attempt to turn the concerns of his organization in other directions.

5671

CSO: 3521/314

SHORTCOMINGS, FAILURES OF POLITICAL SYSTEM ANALYZED

Athens ENA in Greek 19 Jul 84 p 17

/Article by P. Bakogiannis/

/Excerpts/ Ten years have elapsed since the departure of the junta and its legacy to the parliamentary system that succeeded it is becoming more and more noticeable as time goes by.

The first basic shortcoming presented by our socio-political system is the wide open lack of a parliamentary conscience. A basic fault that leads to the disdain of every democratic process and to the abolishment of every parliamentary value.

Thus, in post-junta Greece the "godfather" system or that of "the self-proclaimed leaders clique" has been revived in the political life of the country with functional prolongation, in other words, of the caste of the power-hungry officers who had replaced the state of law with that of a network of personal favoritism and imposition of one's will.

This way of governing is unfortunately not encountering serious problems of resistance in democratic --if only by name-- Greece because, as much as we do not like it said or written, it more or less fits in with the dictatorial personality of the neo-Greek.

The second shortcoming that the junta bequeathed us is that mass of opportunists who although they identified themselves --in one way or another-- with the junta they are today appearing as super-democrats with false or imaginary anti-coup antecedents. This fruit appears to succeed especially in modern Greek society since the issue and feeling of social responsibility remain unknown quantities in our daily life.

Thus, an effective mechanism of controls and tutelage has been erected around us, one that arbitrarily decides who would get the indispensable social indulgence and who would be put on the scapegoat "black list." As a means of judgement it makes use of the levantine mentality of looking for adherents; an individual joins the clique, he is given an indulgence and the former juntist is converted magically into an arch-democrat.

As to how much, within the context of the Greek system, the various socio-political personalities are characterized by democratic and parliamentary convictions and values almost always depends on the extent of their dependence on A or B clique that is the guardian of the entire Greek system at a given moment. This results in the appearance in our present socio-political life of a number of former juntists --a large number who flirted with the junta or who tolerated it-- who play the role of sacrificial priest, singling out individuals who during the "reign" of the junta did not go along with them or at any rate stood up to the enticing proposals made to them. And they do so because they refuse to join cliques and to be subject to various "godfathers" of our political life.

Another element --that is not only a legacy of the junta-- is the fact that none of the parties in Greece today have succeeded in gaining a democratic substructure or democratic processes or a democratic conscience and democratic distinction in daily practice. This is one more endemic reason that is not due to Ottoman suzerainty but to the historical development of Greece as we neo-Greeks have shaped it. We have shaped a social system whose main characteristic is servitude, i.e. the mutual offering of services on a personal level. And this is so because we have always sought out a partisan to consolidate and to make legitimate the fascist principle of the place of honor and the principle of the one man. Thus, all dialogue was bothersome and at the same time dangerous, especially for the chief, the leader. This clearly is a question of phenomena that had been cultivated and that had acquired roots under the Metaxas dictatorship and during the 7-year dictatorship.

One further element of the juntist legacy is a phenomenon that appeared with such sharpness only in Greece: both after the Metaxas dictatorship and after the 7-year junta dictatorship, the sanctions of society against those who staffed the dictatorships did not constitute examples for anyone. To the contrary many of them were converted into censors of those who refused to cooperate with the dictatorship regimes.

Thus, Greece is perhaps the only country that has kept even quislings in its state mechanism. We are almost the only country where we brought back quislings and collaborators of the dictatorship and put them in key positions. And we are the only country which, after a fascist period, did not succeed in separating the fascist from the democratic side.

Even the PASOK government, despite its big-mouthed proclamations, makes use of former junta elements even today. One only has to "scratch" a little bit the green veneer of a few "green guards" to discover their true color.

But our petty bourgeois mentality fits in with this legacy. Exactly because we have to do with petty bourgeois, their main characteristic is social envy. That is why we have never been able to move forward in democratizing the system since the key instrument and motive power of all socio-political activity is not the protection or development of democratic institutions but the search for positions, the accommodation of the individual and the more efficient way of satisfying the web of social envy.

5671

CSO: 3521/314

ND'S AVEROF'S SUCCESSORS DISCUSSED

Athens KYRIAKATIKI ELEVTHEROTYPIA in Greek 22 Jul 84 p 9

[Text] There is tension again in New Democracy since the rumor that "the end of Averof is approaching" has been circulating for a few days. Among the "dauphins" and their supporters, it is considered "certain" that dramatic developments on the issue of the leadership--which they have been anticipating for so long--will be seen before fall.

But in spite of the fact that the rumors are intensifying, it is certain that Averof's removal from the party leadership cannot be easily assumed as long as the ND leader refuses to resign and keeps his ambition of leading ND in the next general elections.

In addition, despite the fact that the "dauphins" are psychologically ready to claim the leadership, they are not, from a practical point of view, ready for anything. Because none of them has a numerically important enough "gang" in the Parliamentary Group to make the challenge for a showdown.

The only one who it is believed will have--at the critical hour--the support of a significant part of the deputies is K. Stefanopoulos; he has always been considered in ND the faction's "purest offspring" who could succeed Averof. Despite the fact that he does not have the special sparkle of a leader, the Patra politician is a favorite in the right wing and in the area of the so-called "innovators."

The other "dauphin," G. Boutos, who has seen his shares rise in ND in recent months, is now in a slump since many "innovators" are charging that he has stopped his anti-Averof struggle, "softened" by his participation at the head of the party's Europarlimentary group.

Nevertheless, it is believed Gian. Boutos somehow or other would be the number-two man in ND if his Patra colleague were to become leader.

As for K. Mitsotakis, the rumors in ND say he is extremely displeased by the fact that developments within the party--and around it--do not favor his own "solution." There are many who emphatically maintain that if the Cretan politician does not end up in command, he will leave New Democracy.

Averof, however, has taken care all this time to make things difficult for the "dauphins;" this is within the framework of his effort to henceforth give security to the "hardliners" wing.

He is pushing to the forestage of his party's leading area Gian. Varvitsiotis. (Averof has a great desire to carry him on to the party Politburo--a prospect which causes repugnance in the "dauphins.")

As has already been written in KYRIAKATIKI ELEVTHEROTYPIA, Varvitsiotis is the person who seems to have been definitely chosen to dynamically ensure the "hard-liners'" presence and activity in the neo-democratic area after Averof leaves.

Within this scenario, with the certainty that, headed by Averof in another election, ND has been defeated again, and with the fear of early elections being conducted in October or in the winter, the ND "dauphins"--but also extra-parliamentary factors in the conservative area--are trying to find a solution for the burning problem of their faction's leadership.

9247

CSO: 3521/313

MAVROS SEEN EMBODIMENT OF TRUE CENTRIST STANCE

Athens ELEVTEROTYPIA in Greek 15 Jul 84 p 8

[Article by Giannis Palassopoulos, PASOK politician from Fthiotis]

[Text] The Euroelections have ended, spirits have quieted, and everyone is calmly and soberly analyzing the messages from the election results.

Thus the electoral body, but also every compliant person, is noting that the connection of the centrist domain with PASOK has been made definite and Georgios Mavros has been promoted as the Center's natural leader now.

In fact, the centrist parties outside the PASOK domain have been shattered, while centrists who went over to the conservative faction do not appear to have attracted a significant number of their fellow-ideologists.

So all those ideologically situated in the Center are looking only to Mavros to express their opinions.

From another viewpoint, the centrists supporting PASOK by an overwhelming majority are now a magnet for the rest of their fellow-ideologists who either are realizing that they are not being represented by the little centrist parties, or have remained, for various reasons, imprisoned in the ideologically shapeless conservative domain.

By defining the Center, demarcating its dimensions, and being aware of its people's unique characteristics, we see clearly why its natural position is at PASOK's side. Critical and objective analysis makes us realize that the centrist domain:

1. Is very much left of the Right and less right of the Left.
2. Is characterized by a progressiveness without fruitless fanaticisms and dangerous illusions. In other words, it is solidly oriented toward a feasible progressiveness.
3. Is against conservatism and any type of dogmatism.
4. Abhors stringpulling since its people, who often do not have great wealth, are nevertheless independent because of their successful agricultural, working-class, professional, scientific, or even house-keeping, careers.

5. Hates the polarization which conservatism is cultivating for selfish party purposes.

Another significant result of the Euroelections was Mavros' promotion as the Center's sole leader.

Mavros' personality resulted in the centrists coalescing around him at the same time others aspiring to represent the Center sank.

This development is acting in a unifying way for the Center's domain since those ideologically close to it are now looking only to Mavros.

The actual acknowledgement of Mavros as the only unquestionable and natural leader of the whole centrist domain was a result of the electoral body's becoming aware of certain truths about him, such as:

1. He was the successor at the top of the party established by Georgios Papandreou.
2. He maintained a dignified attitude against the dictatorship, and a decent and democratic stance all during the centrist faction's testing. Having confidence in his personal abilities, he remained outside of and above disputes or minutia which stirred up his faction's domain.
3. He worthily represents his domain since his personality is inseparably connected with the whole philosophy ruling the Center.
4. He did not abandon the Center, as did other of his fellow-thinkers, to go over to the conservative area. Nor did he make moves to dissociate when the little centrist parties were established, thus weakening the unified representation of the faction and its people.
5. He does not believe in polarization and this position of his will strengthen PASOK's antipolarizing effort at a critical moment for the country.

At the same time, in the framework of promoting the European idea, Mavros can, and wants to, express in the European Parliament the centrist voice which is associated with an improvement in our country's terms of entry in the EEC and the simultaneous promotion of Greek interests in the widest European area at a time when delicate and experienced maneuvers are necessary.

9247

CSO: 3521/313

BRIEFS

OFFICES ON ALBANIAN BORDER--A customs office in a first phase, and duty-free shops and National Bank branches in a second phase, are going to be established on the Kakavi road on the borders with Albania as soon as the road opens at the beginning of September. According to TO VIMA's information, the Ministry of Foreign Affairs has already sent a document to the Finance Ministry in which "expedition of the establishment of a customs office on the Kakavi road" is sought. As is known, the reopening of the Kakavi road was decided during the talks held in Athens between Deputy Minister of Foreign Affairs Karolos Papoulias and Albanian Deputy Minister of Foreign Affairs Mohammed Kaplani. At the same time, the Ministry of Foreign Affairs sent a document to the general press and information secretariat to select, as quickly as possible, Greek cultural, historic and tourist films to send to Tirana to be broadcast by Albanian television. According to our information, the Albanians showed special interest in ERT [Greek Radio and Television] films from the Athens Festival. In October, Papoulias will visit Tirana and will sign with the Albanians a total of ten agreements, including an agreement for long-term economic cooperation. [Text] [Athens TO VIMA in Greek 20 Jul 84 p 2] 9247

DEVELOPMENTS PREDICTED FOR ND--It seems that an uneasy stillness is prevalent within the ND, in that whereas everybody in this body is eager to see changes taking place at least at the top, nobody appears determined to take the initiative. For many people, the proposal about moving up the date of inner-party elections in the nomarchy and local committees of this party of the official opposition is aimed more at stabilizing the present situation than at a desire to bring new blood into these committees. Meanwhile, all those who have been talking about a "bombshell" from Athan. Kanellopoulos with his suggestion and proposal to the party's Political Office have been refuted by events. In any case, despite the present situation there are many people who are speaking with confidence about developments which will be taking place in the ND, and in fact very soon. [Text] [Athens POLITIKA THEMATA in Greek 20-26 Jul 84 p 16] 12114

REASON FOR PAPOULIAS TRIP CANCELLATION--According to information from diplomatic sources that is not being confirmed by the government, opposition by American Ambassador M. Stearns prevented the Greek Government from being represented at the revolution anniversary celebration in Nicaragua. Dim. Maroudas, the government spokesman, nevertheless, announced yesterday that the visit by Alternate Minister of Foreign Affairs Kar. Papoulias to Nicaragua, Cuba, Mexico and Costa Rica has been postponed (he was scheduled to leave tomorrow). Mr Maroudas gave as reasons for the postponement party obligations that forced Mr Papoulias (he is also secretary of PASOK's International Relations Committee) to remain in Athens until the convening of the party central committee. [Text] [Athens ELEVTHEROTYPIA in Greek 14 Jul 84 p 4] 5671

CONCRETE PROOF REPORTED OF OTELO'S INVOLVEMENT IN FP-25 APRIL

Lisbon SEMANARIO in Portuguese 28 Jul 84 p 9

[Text] Otelo's arrest did not result from mere suspicions and fantasies: two types of documents, found in his possession, formed the basis of the judicial decision.

After all, what evidence is there against Otelo Saraiva de Carvalho? On what tangible substance did the police--and, later the trial judge--establish a link between this man and the FP's-25 April [25 April Popular Forces]?

From interrogation to public distrust was a single step. Having nothing in which to sink its teeth, the police's only tactics and hope were to wring an incriminating denunciation out of other prisoners, at whatever cost. And it augured a far from pretty picture.

In truth, according to our findings, it was not a matter of ethereal suspicions but, rather, bona fide documents which caused the 1975 revolutionary to end up in Caxias. However real the documents may be, they are still just evidence--which might go up in smoke under the allegations of the defense but which, on the other hand, offer no guarantees to the contrary.

Those documents, of two types, are considered incriminating by the police.

First, there is a notebook containing, in Otelo's own handwriting, a list of the license plate numbers of cars belonging to the Central Directorate for Combating Terrorism (DCCB), a special corps of the PJ [Criminal Investigation Police], responsible for conducting investigations leading to the arrest of those presumed to be involved in the terrorist network.

Second, Otelo was found to have in his possession--and again in his handwriting--papers containing, on the one hand, detailed references to weaponry and, on the other, a list of conduct regulations to be followed if "members" are arrested. This word actually appears in the text, which suggests the appropriate reaction to have at the time of capture, when threatened with beating, etc.

What does Otelo allege, subjected to interrogation during the entire past week?

With regard to the notebook, he offers an explanation which has a certain amount of plausibility: he says that, perceiving that he was being followed, he jotted down the license plate numbers of the pursuing cars. However, how explain such a complete list? This is due to the fact that the police investigation was spread out over a period of several months.

With regard to the second group of documents--silence. Otelo refuses to make a statement, reserving his defense for later in the trial, now just in the phase of preliminary instruction.

Any break in the defense? It is too early for conjectures: it is clearly perceived that Otelo is presenting his defense in terms considered "in a very well-balanced and level-headed manner."

Meanwhile, and despite the conviction entertained in police circles that the biggest of the FP "operators" has already been active outside the country, it is admitted that there is a possibility of more arrests within a week.

It is known that one of the men sought by the police is Mouta Liz, who has attained the position of director of the FUP [People's Unity Force] along with that of being an official of the Bank of Portugal. With a warrant out for his arrest, he announced in a press conference that he had plans to take a vacation --and the bank, in fact, granted him time off for a period which is about to end. He has since disappeared.

8568

✓ CSO: 5600/443

FP-25 APRIL LEADERSHIP REPORTEDLY SAFELY ABROAD

Lisbon O DIABO in Portuguese 31 Jul 84 p 5

[Article by Noe Rodrigues]

[Excerpts] Information obtained by O DIABO in official circles and confirmed by channels said to be favorable to the so-called 25 April Popular Forces [FP-25 April] have informed us of two important facts: one is the difficulty the police are having in capturing the principal operational leaders of "terrorism" who have fled from Portugal, leaving the "small fry" to their fate; the other is an indication that the pair of interviewees who have appeared in the pages of certain newspapers and on the beaches with a great show of publicity are the subject of worthless fanfare; that is, they are second-rank members of the FP and not "directors," as claimed by those media.

These two facts clarify questions raised by us: the at-will anticonspirative manner in which the two have moved about leaving clues and the break in activity which occurred meanwhile within the FP. With its "principal operators" and leaders on the run, with intermediate structures liquidated, with certain support points "burned" and taken over by the police and with its political chiefs behind bars, terrorism has lost--at least momentarily--its capability to act. Meanwhile, increasingly defined accusations are multiplying concerning the fugitive, Mouta Liz, ascribing to him not only the role of political member of the terrorist organization but also that of one of its "operators."

The information obtained by us confirm what was alleged by the two FP pseudo-leaders in their latest interviews: the "military heads" of the clandestine terrorist organization have left the country. This development is perhaps the best proof of the effectiveness of the police action in June and the best indicator of the coup pulled off at that time. Although the police must not rest on their laurels with regard to the successes achieved, it is nevertheless foreseeable that it will be some time before the FP recovers its capability to act.

Where There Is Talk of Rosa Coutinho

Sources of information which we have contacted have told us that the evidence is piling up on possible connections between the terrorist network and former military circles which figured prominently in the troubled period of the PREC [expansion unknown]. The name of the notorious "red admiral," Rosa Coutinho, is among those mentioned in such circles, and it is confirmed that the PJ [Criminal Investigation Police] has an abundance of incriminating material relating to that individual.

BASQUES ACCUSE MADRID OF UNDERMINING AUTONOMY

Madrid ABC in Spanish 1 Aug 84 p 15

[Article by Alvaro Hernando]

[Text] Vitoria--Yesterday during a press conference, the autonomous Basque Government, through its spokesman, Joseba Arregui, condemned a "unilateral" attempt by the national government to modify the Autonomy Statute. He said, "Therefore, we shall begin to take the necessary measures."

In the view of the Basque Government, after the 4-hour meeting between Tomas de la Quadra and Mario Fernandez which ended without concrete results, the air of optimism which seemed to rise out of the last meeting between Felipe Gonzalez and Lendakari Carlos Garaicoechea on Madrid-Vitoria relations has disappeared. At the end of the weekly meeting of the Garaicoechea cabinet, his spokesman Joseba Arregui said, "The Basque Government believes that a unilateral attempt is being made to change the statute and to water it down, with all the implications this process has for the Basque Country."

"Grave Concern"

After stating that on the basis of the evaluation made by the autonomous executive of the meeting between vice-lendakari Mario Fernandez and Tomas de la Quadra, minister of territorial administration, it could be inferred that "for the moment there is not going to be any transfer." Joseba Arregui reported "the very grave concern of the Basque Government over the fact that since October 1982 only two meetings of the Joint Transfer Commission have been held, and these did not produce positive results." The autonomous executive's spokesman said that the Basque Government has a radically different view of the change in evaluation of transfers which the central government wishes to introduce based on the fact that this change "would also suppose a change in the economic agreement." He went on to state that the LACUA "is trying to discuss the statute's division of authorities."

Indescribable

Arregui went on to say that although negotiations between Madrid and Ajuria Enea have not broken off, they are substantially frozen. He then said, "The fact that in July 1983 the central government committed itself to clarification of the differences and now, a year later, is once again saying the same things borders on the indescribable." Finally, the autonomous executive's spokesman said that if there is no change in the current situation, "The Basque Government will be forced to take suitable measures to defend what the statute has meant and means to Basque Country." With respect to the suitable measures, he limited himself to indicating that "they will be made known at the right time."

During this meeting of the Basque Government (with which its vacation period begins, although two other meetings will be held on 10 and 22 August in San Sebastina and Bilbao, respectively), a decree was approved which establishes the new organizational structure of the Department of Interior which will have three divisions: Interior, Administration and Planning, and Security. The meeting also approved a decree which establishes the Economic Planning Commission which had been alluded to by the lendakari during the appointment session, with a view to planning and rationalizing the economic activity of the Basque public sector.

8143

CSO: 3548/307

TERRITORIAL LAW FOCUS OF GARAICOECHEA-ARZALLUS FRAY

Madrid ABC in Spanish 1 Aug 84 p 18

[Article by Alvaro Hernando]

[Text] PNV [Basque Nationalist Party] centralists and regionalists are engaged in a heated debate on the subject of the Law of Historical Territories (LTH). This struggle for power, which is now being presented as a battle between Garaicoechea's autonomous government and the party "apparatus," dominated by Arzallus, is the current unfinished business for Basque nationalism.

On 29 May 1981, the Basque Government sent the LTH bill to the Chamber. This bill expressed the philosophy of the chairman of the Basque executive committee Carlos Garaicoechea, the "vice lendakari" Mario Fernandez, and the minister of economy Pedro Luis Uriarte, and was characterized by a markedly centralizing and unitary tone. The bill was so much so that later it was to be labeled "LOAPA-izing." The bill had to be withdrawn and replaced by a new one which was less controversial.

The nationalist votes which 8 months ago approved Parliament's LTH were more representative of an agreement among the nationalist family than an example of real understanding within the PNV in this regard.

Perhaps only the possibility of making the LTH an ambiguous law which permits interpretation on the basis of individual preferences is what for a time produced outside the party an effort to show that differences on the concept and structure of Basque Country had been overcome. While inside the party those differences in views not only did not decrease but rather were reinforced at a time when both factions were readying their arms for combat.

Possibly the opportunity offered by having the 26-F autonomous elections so close is what is making Garaicoechea attempt on the occasion of his nomination to win this battle in the Zarauz assembly, where the nationalist crisis is breaking out and the minimum bases for application of the LTH are being established. A crisis which for the same reasons is in no way ended by the subsequent "embrace of Zarauz" and which is focused on the

mutual distrust between the Basque prime minister, Carlos Garaicoechea, and the PNV executive committee headed by Arzallus. The "lendakari" had and has his doubts--we have his disparaging allusions to the law as the "blasted LTH"--about the governability of Basque Country with the Law of Historical Territories.

On that occasion, the skill of "Lendakari" Garaicoechea permitted him to come out victorious vis-a-vis the EBB [National Executive Body] and Arzallus. But this was an ephemeral victory. Thus, even though in Zarauz he succeeded in imposing his views, from that moment on the Arzallus line was to impose its authority and charisma in the control of the party. First there were the EBB elections and then the Navarro case. And all this in a climate of increasing tension and distancing between both sides, with the "lendakari's" response capability already very limited.

However, in reality, even with the significance of both cases, all that could be a mere trifle compared to what could be represented by the explosive charge whose fuse was relit by Garaicoechea when he revived his "provincialism" attacks against the Regional Deputations and attempted to promote a strong central Basque Government, which logically drew an immediate response from the deputy general of Vizcaya, Jose Maria Macua--there was talk of him as a possible candidate for Ajuria Enea during the crisis of the Zarauz assembly--determined to assert the historical rights of the Deputations in consonance with the regionalism of the Arzallus line, also receiving the support of the deputy general of Alava, Juan Maria Ollora, and the Regional Deputation of Guipuzcoa. Thus, both factions, centralist and regionalist, which also correspond to social democracy and Center-Right, respectively, are once again in confrontation with greater virulence than ever.

8143

CSO: 3548/307

LEADER IN VPK ON AFGHANISTAN, GRENADA, SOCIALISM IN SWEDEN

Stockholm DAGENS NYHETER in Swedish 2 Aug 84 p 9

[Article by C. H. Hermansson: "C. H. Hermansson on the Afganistan Example: Is the Struggle for Socialism in Sweden Meaningless?"]

[Text] Sven Lindqvist concluded his series of articles on Afganistan by asking two questions. The first is: Why is public opinion against the Soviet occupation of Afghanistan not as broad and strong as it was against U.S. imperialism during the 1970's? The second question had more the character of a statement and was part of Sven Lindqvist's own explanation of why Afghanistan has not evoked the same opinion and emotion as Vietnam. I quote:

"It is still very dangerous for a small nation bordering the Soviet Union to choose the socialist path. For as soon as a country has entered this path, the Soviet Union considers that it has both the right and the obligation to intervene with armed force, and with one or another 'invitation' as an excuse overthrow those governments it does not like and appoint others, which are its own obedient tools."

Sven Lindqvist turns this into a concrete idea and applies it to Sweden. If socialism had been carried out in our country, "it would in all likelihood have turned us into a Soviet satellite state." And Lindqvist concludes: "But what the Soviet Union teaches by its actions is that socialism is not worth fighting for, since it is incompatible with national independence--at least for small nations within reach of the Soviet Union."

In his second article he returns with the same thesis. What Lindqvist then apparently does not notice is that he ends up in the same historical conflict as Jan Myrdal, although possibly not quite as grandiose.

The thesis that no other policy was possible except the one implemented does not differ in content from the thesis that this entire policy was unnecessary. What needs to be discussed, however, is the potential and necessity of socialism in today's situation. More on that below.

The first question has given rise to several contributions. Some of these have been quite revealing and thereby form a partial answer to Sven Lindqvist's question. They have shown that the same sectarian implacability, which long prevented the Vietnam movement from becoming just as broad a mass

movement as the Spain movement in its time, still characterizes some of those who argue for the cause of Afghanistan. Nonsense, such as that "the VPK [Left Party-Communists] opposed the Vietnam movement," speaks for itself.

Leave Afghanistan!

In order that no misunderstanding should occur, I want to add: This is of course not the decisive reason why the movement for Afghanistan has remained so limited. Each people fighting for its sovereignty and its national independence against foreign powers must obviously be supported by socialists. The Soviet Union must leave Afghanistan!

The second question--or statement--in Sven Lindqvist's article received surprisingly few comments in the subsequent debate. Nevertheless, it has a range and significance which far exceeds the Afghanistan issue. Is it really so that the struggle for socialism in Sweden is meaningless, yes even dangerous, because we are located relatively close to the Soviet Union?

The statement is not entirely new. It appeared in the Social Democratic grassroots propaganda before the 1968 election, taking the form that it was dangerous for the VPK to grow, for then the Soviet Army might come here, just as it recently occupied Czechoslovakia! But the first time I encountered this statement in a more intellectually executed form was from Sven Lindqvist.

His argumentation could naturally be expanded to apply to all the nations which are neighbors of the second world power, the United States. The latter, as is well known, reserves the right to fight both socialist and generally anticapitalist social orders in nearby countries and to exercise a dominating influence in neighboring countries with a capitalist social order.

Is it therefore so that the room for changing social order in the neighboring states of the Soviet Union or the United States has been reduced to zero--on the condition that they are not prepared to sacrifice national independence? Sven Lindqvist's thesis seems to argue in favor of status quo as the only suitable objective. At least as long as the world is divided into two major power blocs, each with the nuclear arms capability of annihilating both humanity and nature many times over--as if that were possible!

Sven Lindqvist is obviously right that what has happened so far is frightening. If we stay with the Soviet Union, we know what happened in Hungary, in Czechoslovakia, in Afghanistan. A long series of military interventions and occupations can also be charged to the United States, most recently Grenada. Are we who are socialists just to sit there with these warning signals outside our own backyard and go about our business under quietly mixed economic forms, which can challenge neither the one nor the other? Are these perhaps even the kind of ideas which are behind the silence about socialism in the new Social Democratic program for the future?

This kind of political strategy seems to me to be fatally dangerous, however, for national independence as well, and consequently it appears to have the opposite meaning of what Sven Lindqvist and others want to achieve.

The basis for their argumentation is the two major military blocs, each dominated by a major power--the United States and the Soviet Union, respectively. The reality is a huge accumulation of nuclear weapons and other materials of destruction, an accumulation which continues at a tremendous pace. The two superpowers each claim that they dominate their part of the world. Their interests clash on several points. There are also other smoldering wars where the interests of the major powers could quickly flow in.

This is an extraordinarily dangerous situation. The balance of terror does not lead to a lasting detente. The population of the earth must have a general interest in working to dissolve the large military blocs, to seek to liberate the nations which are now dependent on the two superpowers and enable their peoples to shape their politics freely.

Socialism in Freedom

It is in this respect that socialism obtains a renewed significance. By that I obviously do not refer to a socialism of the present East-bloc model, but various types of free socialism with expanded democratic freedoms and rights and a genuine multi-party system. The intention here is not to discuss the shape of these social orders in detail, but to indicate the importance of these various models in the struggle for a dissolution of the power blocs.

In my opinion there is thus a new argument in favor of transition to socialism. At the same time all the "old" reasons remain, of course: a society without the power of big capital, without mass unemployment and economic crises, without classes, without hierarchical orders, without rigid and killing distribution of labor, in short a society such as that described by the classical Marxists. But the new argument, then, is that the creation of such free and independent socialist societies is one of the methods which can and must be used to break up the power blocs and liberate humanity from the threat of extermination through nuclear weapons.

The conclusion I draw from the existence of the power blocs and the political strategy I advocate is therefore precisely the opposite one to Sven Lindqvist's. It is a strategy which proceeds from the current importance of socialism, in Sweden as well.

Sven Lindqvist may object that by so doing we would run precisely the risk mentioned by him, that is to say lose our national independence. But what risks aren't we taking merely by accepting a status quo marked by the dominance of the major power blocs and the nuclear arms race? Must we not make our contribution in order together to escape the dangerous situation created in the years after World War II? The ideas of socialism are more necessary than ever before. A wealth of different types of social orders must replace the standardization which now characterizes both the power blocs.

11949

CSO: 3650/260

SDP SPOKESMAN, CONSERVATIVE DAILY ON DEFENSE COMPROMISE

Knud Damgaard Defends Compromise

Copenhagen AKTUELT in Danish 23 Jul 84 p 7

[Interview by Ole Lorenzen: "Armed Forces Leadership Forced to New Thinking: Compromise Start of More Effective Defense"]

[Text] It is crazy to simultaneously build up the conventional armed forces when the nuclear weapons race is continuing and the number and strength of nuclear weapons are increasing immensely, believes the Social Democratic Party's defense policy spokesman, Knud Damgaard, who rejects the massive criticism of the new Danish defense compromise.

"If we begin to build up the conventional armed forces, we are poisoning the efforts under way to have the dialogue recreated between the big powers regarding detente and nuclear arms reduction," Knud Damgaard says.

"We cannot go on living with the cold war. If we do, we will lose the people's support for NATO. We cannot do without NATO for many years to come. But if we do not seriously begin with detente and arms reduction we will lose the people's confidence in the defense alliance."

"Therefore, it can not be of any use to increase armed forces expenditures by a certain percentage each year. This is the same as a buildup. Only when the brakes have seriously been applied to the nuclear weapons race can we begin to consider whether it is necessary to strengthen the conventional armed forces," he adds.

Statements from Experts

"But I attach great importance to what a number of personalities have said. This involves a former British field marshal, former American Defense Secretary MacNamara and, most recently, former West German Chancellor Helmut Schmidt. They have all stated that the present European conventional armed forces have been totally underrated."

He thereby rejects the criticism which has been raised of the new Danish defense compromise from a number of highly placed Danish officers and several non-socialist politicians.

"No other countries in NATO have lived up to the goal of a 3-percent increase in defense expenditures each year, as was decided. Only in England has an attempt been made."

We Are Not Spongers

"If instead of the many different calculations of defense expenditures in comparison with the gross national product, one looks at what each individual citizen pays for defense, Denmark is pretty much in the middle. We are not spongers in NATO," Knud Damgaard says.

"The Social Democratic Party attached importance to the fact that there was no room for a heavy increase in the defense budget when at the same time a number of heavy cutbacks are taking place in the social area, in maintenance allowances, etc. Therefore, we agreed that the armed forces' operating expenditures are not to increase by more than two percent per year--regardless of price increases."

"However, this does not mean that the armed forces cannot keep up with increases. Now plans have seriously been made for beginning on new thinking and efficiency measures in the armed forces so that the money can be utilized better. And it can easily be, several experts have assured," Knud Damgaard says.

Forced to New Thinking

He emphasizes that the historic innovation in the defense compromise is the appointment of the independent analysis group which is to assess the Danish armed forces' present structure and come with proposals for innovations.

"I feel convinced that internally in the armed forces, too, this will result in the fact that they will be able to produce new thinking themselves. Now the armed forces' top leadership needs to take the many experts in defense seriously and allow their ideas to prevail. I think that many good suggestions have been stifled at the top of the armed forces," Knud Damgaard says.

Major Graabaek Should Be Included

"It would be quite natural for such an outstanding analytical talent like Major Graabaek to be given a seat on the analysis panel. This is the Social Democratic Party's opinion. It is precisely he with his analyses who formed the basis for the new development being introduced in the armed forces."

The most important thing in the new defense compromise is, in Knud Damgaard's opinion, that the time of the big battleships has passed and that instead small fast motor patrol boats outfitted with missiles are being relied on. They can

easily conceal themselves and can sink enemy troop transport ships from a great distance.

Alarmingly Vulnerable

"It was certainly quite obvious in the Falklands War that large ships are alarmingly vulnerable in modern warfare. They can quite simply not get very far before they are sunk."

"With strengthening of the air force we are in addition managing to make surveillance of the Baltic Sea far more effective. If the planes are outfitted with modern missiles instead of steel bombs they are a very effective weapon," Knud Damgaard says.

"In recent years great importance has been attached to division of labor in NATO. Every single little country is not to have armed forces which are a mini-edition of the great powers'. While West Germany is maintaining a big fleet in the Baltic Sea, we are instead strengthening our air force. This is a clear following of NATO's line."

Can Be Improved Considerably

"The armed forces compromise this time came into existence to a large degree on the Social Democratic Party's premises. With strengthening of the national guard and civil defense, this is a preface to our being able in the years to come to improve the Danish defense system considerably--without its costing very much more," Knud Damgaard says.

"That certain highly placed officers are criticizing the compromise and my influence on it I cannot take seriously. The people in the armed forces whom I consult are completely on a level with these officers," Knud Damgaard says.

Daily: Dictated by Politics

Copenhagen BERLINGSKE TIDENDE in Danish 22 Jul 84 p 12

[Editorial: "Danish Security"]

[Text] It could suggest an upside down world, that a defense compromise is first entered into and only then are trends noted which can be called a security policy general debate. But it does not have to be so.

The defense compromise which was entered into in June was dictated by political necessity. There was no other reason for entering into it but that it /could/ [in italics] be entered into. It was not characterized by any armed forces policy clarification or any security policy farsightedness, but it would have been irresponsible for the government to throw the country into a political crisis with the defense question as the main topic. It would have been irresponsible first and foremost because the voters did not have a fair briefing in the security policy area to act from. For many years it has not been possible to conduct a varied security policy debate because the so-called

peace people on one side have offered patented solutions, while on the other side the many who believe in the necessity of the armed forces in order to preserve a Denmark in both peace and freedom have not been skillful enough in presenting their arguments. Had it come to a vote on the defense question, it would have triggered an election campaign that could become boundless in its lack of content but dangerous in its effect.

Against this background it is much to be preferred that the succession will be as it now appears: On the basis of a short-term defense compromise, in the years to come a debate can be conducted on how the Danish armed forces are to be organized in order to fill their place within the alliance system which Denmark is a member of. Over the course of a short time the government will appoint the expert committee which is to serve as an umbrella for the coming negotiations between the government and the Social Democratic Party regarding Denmark's security policy. Over the course of a slightly longer time it can be expected that progress will be made in the deliberations regarding a new NATO strategy. In addition, there is the fact that there are many signs of a dawning understanding of the fact that Denmark is on the way out into a void, as far as sense is concerned, when it is a question of attention to Danish security policy interests, and there is all in all sufficient reason to assume that the easily bought arguments will have declining market value in the years to come, and that, in return, hard facts will get a chance in the debate.

The defense compromise will not, however unsatisfactory it is, have the effect that Danish preparedness is weakened in a decisive manner. But it ought to be clear to politicians in all parties--and especially in the compromise parties--that the next compromise cannot be entered into in a defensible manner unless both a broad and thorough security policy debate has been conducted beforehand. There is much to indicate that such a debate is about to take form. It will be welcome in all other camps except where ideologies and frozen opinions want to insist on a world picture which is far more peaceful than the facts will allow.

8985

CSO: 3613/202

FIKS SYSTEM ALLOWS SECURE, NATIONWIDE DEFENSE COMMUNICATIONS NET

Copenhagen BERLINGSKE TIDENDE in Danish 26 Jul 84 p 10

[Article by Bo Draebel: "Computerized Defense"]

[Text] On the anniversary of the Battle of Reden in 1801, the armed forces quietly leaped into the computer age with an automatic data processing and signal system which has been given the name FIKS after the initial letters of Forsvarets integrerede kommunikationssystem [Armed Forces Integrated Communications System].

The FIKS system, made by the Christian Rovsing firm, has now been in operational service for almost four months and has resulted in faster and more reliable interchange of signals (the military designation for communications) between the three armed forces via communications centers over the entire country.

"We are very happy about the new system, which is replacing the slow old-fashioned teleprinters with paper tape," Commander A.P. Gjedde says. He sat on one of the user's panels behind FIKS, which went through the same acceptance procedures which the navy uses for new ships. They are gone through prior to use from mast to keel by a so-called acceptance commission, so that all defects and flaws can be mended from the start.

FIKS is a closed system which nobody can connect to and it is designed so that it itself seeks another path in the circuit with a message if the direct line is fully occupied. It is also outfitted with an automatic interrogation procedure.

Commander Gjedde characterizes the system, which was developed specially for the Danish armed forces, as the most modern of its kind in the world, and it may well be. Christian Rovsing has signed a contract with the Canada Air and United Airlines companies to make something like it for them.

FIKS will affect the lives of 600 signal operators and technicians nationwide--both positively and negatively. For the system will provide not only shorter office hours, but also a saving of 80 men.

Since FIKS is the first joint armed forces system, and the three services have never spoken the same language, it was necessary to coordinate terminology and

establish an entirely new common language for the sake of daily business.

For example, three old words have entirely disappeared from the armed forces. They are the Air Force Signal Center, the Naval Reporting Station, and the Army PSKT (permanent signal office). These words have become the "commcenter," and it is from here that the former signal personnel, who have become "supervisors," are sending signals or communications around the country at computer speed.

8985

CSO: 3613/202

GAPS IN SUB DEFENSE EXAMINED IN RELATION TO THREAT FORMATION

Stockholm MARIN NYTT in Swedish 25 Jun 84 pp 4-7

[Article by unknown: "Our Submarine Defense"]

[Text] Antisubmarine defense must be composed of a number of partial systems. These are to provide general surface monitoring, both in international waters and in Swedish territorial seas, for the purpose of detecting foreign submarines and other underwater activity. Submarines showing anything above surface may be found by means of radar surveillance. Snorkeling submarines or submarines near the surface can be detected by means of irregular aircraft surveillance. Our own submarines can undertake passive sonar surveillance. Advanced submarine-hunting exercises should be deployed in connection with our peacetime training.

In order to detect submarines trying to enter our waters, there are to be fixed and mobile underwater monitoring systems connected to manned guard units. At these units there must also be a capacity for receiving and compiling reports about spontaneous observations. Furthermore, optical, hydroacoustic and magnetic methods will be utilized, and it must be possible to arrange various types of obstacles.

When a submarine has been detected, it must be possible rapidly to assemble powerful assets for locating, identifying and turning it away. These assets consist, among other things, of helicopters and ships with antisubmarine equipment, preferably in coordination. Weapons and other equipment for the task of forcing a submarine to surface must quickly be available for deployment.

All of this poses demands for readiness and for a command system which can become functional on short notice.

Several Studies

A new and comprehensive study was begun after the Uto incident in 1980. Not unexpectedly the result was identical to previous studies:

"Cost-effective antisubmarine warfare [ASW] requires close coordination of various surveillance methods, as well as rapid access to weapons systems which can effect graduated employment."

Essential qualities:

- Speed
- Endurance and command capability
- Surveillance capability

This study has been followed up and adjusted to the new picture created by the underwater activity of a foreign power in Swedish territorial waters and coastal waters. The main components of the system should be:

- Ship- and helicopter-borne active and passive sonars;
- Passive sonobuoys;
- Airborne IR [infrared] /radar surveillance;
- Fixed magnetic loops/passive sonobuoys, and materials for confining the reconnaissance area;
- Weapons for graduated employment.

The studies and their follow-up, as well as experience from incidents in Harsfjarden, have confirmed the Navy chief's objective of improved antisubmarine measures. This objective means that the abovementioned components will gradually be added to the wartime units of the Navy.

Antisubmarine Protection: One System

On this basis units are being organized, the composition which is optimized for antisubmarine duties. Deployment must take place as a cohesive undertaking both in the territorial waters and in coastal waters. Besides the requirement of fixed and mobile units for reconnaissance and surveillance of high-priority areas, it must be possible to muster the strength of mobile units in order to locate and intervene as well as to confine the surveillance area during an incident. These units could consist of:

- Antisubmarine force, primarily for locating and intervention;
- Antisubmarine company (platoon), primarily for confinement and submarine watch.

In addition to systems which can detect and intervene at an early stage against violating submarines, systems are needed which can locate smaller underwater vessels if these succeed in penetrating into the archipelago region. In order to make this possible, fixed and mobile reconnaissance resources are required. Deployment takes place by sealing off smaller areas and then searching them.

It is completely clear, however, that a system which is to provide a deterrent capability across all of our territorial waters independent of time requires considerably greater resources than a single antisubmarine force. In order to create uncertainty about where and how we distribute our resources, at least two to three ASW forces ought to be organized. Until more antisubmarine forces are available, ASW units must be assembled in strength at certain times and in certain areas--a deployment which must be based on effective

intelligence processing. Obvious deficiencies in our submarine protection will remain until our quantitative capability has been considerably increased.

During deployment it should be possible to support our antisubmarine force with regional submarine protection units, as well as by submarine protection companies (platoon). In order to assure this, these units will be organized throughout all of the coast artillery defense.

ASW Force

The optimally composed ASW force is made up of the following coordinated component systems:

- Light ASW aircraft
- Heavy ASW helicopters
- Coastal corvettes advanced ASW equipment
- Patrol boats
- Minesweeping vessels
- Submarines

In order for the deterrent capability to be real, it is necessary for the ASW force evaluated above to have an endurance of 2-3 weeks. This requires the followings:

Having on station in the area		Requires total availability of at least
1	light aircraft	2
2	heavy helicopters	5
2	coastal corvettes	3
2	patrol boats	4
1-2	minesweeping vessels	2-3
2	submarines	2

Submarine Protection Company (Platoon)

A submarine protection company (platoon) consists of fixed and mobile blocking units, and portions of the amphibious units. Its optimum composition consists of the following coordinated component systems:

- "Fixed" ASW platoon with
- sections for optical, radar and underwater reconnaissance
 - mine-barrage troop and net section
 - surveillance ship

- "Mobile" ASW platoon with
- sections for optical, radar and underwater reconnaissance
 - net-laying section
 - transport vessels

"Mobile" ASW company with
--"mobile" ASW platoon(s)
--mine-barrage troop

Boarding Force
--commando platoon

Measures Included in the Planning

In his schedule for the period 1984-89 the commander in chief has included plans for measures to raise the efficiency of and improve monitoring, surveillance and opportunities for intervention against both surface vessels and submarines inside the territorial waters during peacetime and under emergency conditions.

This results in radar units for marine surveillance, for example, being added to the wartime organization, in common with the Air Force. Acquisition of marine surveillance centers on the south and west coasts will be completed. Systems for monitoring above and below the surface will be procured. A number of fixed observation stations will be established. The number of mines emplaced in peacetime will increase and the mine materiel gradually modernized. Materiel for confining a surveillance area will be purchased. Additional picket boats have been acquired. Tests are being carried out with air- and helicopter-borne monitoring systems.

All the type 4 naval helicopters will be provided with complete antisubmarine warfare armament, and measures to extend their lifetime are under way. Helicopter base resources are made mobile. Four of the Air Force's type 4 helicopters will be converted to ASW helicopters. They are to be converted in 1986, but will not be transferred to the Navy until the late 1980's. This will provide antisubmarine helicopter units for Military Command South.

During that period the destroyers will be withdrawn. No modernization of the ASW capacity of the destroyers has been contemplated and they have not been armed since 1980. As a result, a temporary gap has opened up in shipborne ASW capability. This capability has been regained by fitting out the two Stockholm-class coastal corvettes on order for advanced submarine hunting, as well as by the four type 90 coastal corvettes, ordered during the period of the defense decision. By this action, endurance has been established in the antisubmarine system.

The patrol boats are being modified in order together with the ASW helicopters to be able to supplement the coastal corvettes.

The submarine units will include 12 submarines. During this period the type 90 submarine will be developed and projected. The antisubmarine capability of the submarines will be improved by the procurement of new torpedoes, sonar and analysis equipment.

Two minesweeping vessels (M80) will be delivered and another four have been ordered. The minesweepers will be equipped with advanced high-frequency sonar, which is able to detect underwater vessels lying on the bottom, and with a certain antisubmarine capability (fire-control and weapons) for deployment inside the skerries.

The establishment of seaborne amphibious battalions will be initiated toward the end of the defense decision period. Materiel procurement has already begun in order to give the units improved submarine protection capability. The opportunities for monitoring and blocking sections of the archipelago will therefore improve gradually.

Incident weapons are being developed and procured for the helicopter and ship systems. Testing and development of sonar systems for surveillance of constricted channels, as well as IR and laser systems for improved monitoring and locating opportunities, are being undertaken.

A summary of the above description of the structure of the submarine units is evident from the following table:

1983	1987/88	1991/92
Limited, fixed monitoring in priority areas. Some mobile surveillance in archipelago	Installed in priority areas supplemented by mobile surveillance in archipelago	
Tests with ASW aircraft	3 operational ASW aircraft	3 operational ASW aircraft
7 heavy ASW helicopters	14 heavy ASW helicopters, some of which are also used for airborne rescue	14 heavy ASW helicopters
No coastal corvettes with advanced ASW capability	2 coastal corvettes with advanced ASW capability	6 coastal corvettes with advanced ASW capability
1 minesweeper	4 minesweepers	6 minesweepers

This planning means that within the present funding and personnel frameworks the Navy is concentrating its strength on improving the submarine defense. A first essentially complete antisubmarine force can be organized within the defense decision period. By moving forward the type 90 coastal corvette, the establishment of a second antisubmarine force in the late 1980's will be possible. The regional and local submarine protection will be gradually reinforced.

The achievement of well-balanced systems of advanced materiel and personnel with good capability for utilizing this materiel requires, in addition to what has been listed above, measures to be undertaken within the command and unit activity.

Changes within the unit production areas have therefore been initiated according to the following:

- The unit production of the Coast Guard has been radically altered, so that the ship-based antisubmarine capability will improve. An ASW force for training and deployment is being organized. This means that the training activity of the units will change as regards training contents and training objectives.
- Increased helicopter activity in the southern Baltic Sea.
- Picket boats will be based in the Western Sea, in Oresund on the south coast and on the east coast.
- The training of the coast artillery units will be adjusted in order to improve monitoring and opportunities for intervention against submarines in high-priority areas. ASW companies/platoons will be organized.
- Regional activity in the form of formal and applied exercises, testing activity etc. will be carried out.
- Utilization of controllable mining during intervention and monitoring will be improved. The degree of peacetime mining will increase.

Renunciation of the long-term preparedness therefore had to be temporarily accepted.

This must not become permanent. Both long-term readiness and maintenance of readiness in the immediate future must be assured. It requires additional personnel and financial resources in order for wartime units to be set up at the same time as emergency deployments have to be ready to be carried out.

Building up the resources takes time.

Despite the strenuous efforts rapidly to improve our antisubmarine capability, certain shortcomings will occur for a number of years. Initially, there is an imbalance between our capability of monitoring and intervention. Not until the late 1980's will the demands for sustained submarine hunting as well as the demands for inlet monitoring in priority areas be met. The opportunities for intervening simultaneously with advanced units in several areas will remain limited for a long time to come.

Delivery of ASW Materiel up to Fall 1984
(open version)

- ELMA launchers as well as ASW grenades
- ASW torpedoes
- Sonars
- Sonobuoy systems
- Loops
- Bottom charting equipment
- Cable positioning systems
- IR cameras
- Light intensifiers
- Nets

IKFN--The Foundation for the Submarine Protection

Over a large number of years the armed forces have had one dominating task: producing units fit for war. In 1983 an event took place which to some extent changed this, when the so-called IKFN [expansion unknown] ordinance took effect. It says, among other things:

"The armed forces are to detect and repel violations of Swedish territory and in cooperation with civilian authorities intervene during other violations of the access ordinance (1982:755)."

It is thus the armed forces and no one else who has been given a major task to fulfill in addition to the previous one, and the foundation for this new task is contained in the 10th chapter of the constitution, where it is stated:

"The government may authorize the armed forces to use force in accordance with international rights and customs in order to prevent violations of the nation's territory in peacetime or during war between foreign powers."

These politically significant laws form the foundation for the interpretations issued by the supreme commander in April 1983 in the form of the Armed Forces Service Regulations (FFS 1983:28). While working out these regulations, new submarine incidents occurred, and the government appointed a special commission--the Submarine Commission--for the purpose of considering whether the valid and already adopted rules were suitable and sufficient. The commission found that the regulations were not strongly enough worded and proposed a tightening. The--twice tightened--regulations took effect on 1 July 1983 and have a strong political emphasis.

"A foreign submarine found in a submerged state inside coastal Swedish waters will be forced to surface. It will then be boarded, identified and conducted to an anchorage for further measures. If necessary, armed force will be resorted to without prior warning."

"A foreign submarine found in a submerged state inside the territorial waters will be turned away. If necessary, armed force will be resorted to. When warranted by special circumstances, armed force may be used, on the decision of the supreme commander, without prior warning."

This is now the wording of the government's fundamental rule for the submarine defense. In conclusion, the IKFN expresses a strong political intention, in which

- the government is responsible for submarine defense
- the armed forces have been authorized to intervene and the delegated authority reaches far down into the organization. It will be possible to make decisions on the spot.
- antisubmarine operations will be headed by the commanding general of the military command sector. These operations scarcely have a time limit, however, but their nature is of the "constantly ongoing activity" type and they must be commanded and carried out accordingly regardless of whether indications are present or not.

The Threat Picture

In February-March of this year, Swedish territory was once again violated by a foreign power, this time inside the shallow Karlskrona archipelago and utilizing a partially new tactic.

Violations have occurred along the whole length of our 2,700-kilometer-long coast. During the 1970's they were in the form of individual incidents/violations, principally outside our archipelago, but during the 1980's in ever greater numbers and in an increasingly provocative manner. Tore, Sundsvall, Harsfjarden and Karlskrona are examples of areas where foreign underwater activity has occurred during the last few years. These examples show not only the geographical extent but also the fact that the violations are taking place in coastal waters and in connection with our sensitive protected areas and the defense installations located there. These violations of coastal waters cannot be explained other than that they are planned operations, which are carried out with a specific objective, military and/or political.

On two occasions, 1981 in Karlskrona (U 137) and 1982 in Harsfjarden, it has been possible to establish the nationality of the violating units. In both instances the Warsaw Pact (Soviet Union) was indicated.

Special Units for Early Intervention

Regarding the planning of the military superpowers, a certain focus on sabotage and special units for surprise intervention at an early stage in a conflict has been established. Such actions are undertaken against vital early warning and defense installations. The moment of surprise presumes concealed action, which is why deployment of similar units in coastal and archipelagic areas could take place for example by means of landings from submarines.

Although this military activity is surrounded by very great secrecy, it is known that several nations regularly exercise submarine-based landing of small special or sabotage forces. Such British forces were involved at the initial stage of the Falklands war.

As for the Soviet Union, we know that considerable resources are invested in educating and training various types of so-called diversion units. Naval diversion units are part of the Soviet Baltic Sea Fleet, and, according to reports in the Western press, these include minisubs and frogmen units. The duties of these units is to be deployed at an early stage in a conflict against coastal defenses, ships at base and reconnaissance organs.

Because the action must be undertaken early on in a conflict, this presumes that careful reconnaissance has been done in peacetime regarding both location and appearances etc. of the objectives, and of suitable roads for concealed passage in and out. These units are composed of elite soldiers, largely officers, and very high requirements are made on them as regards tolerating physical and emotional stresses.

A very large number of submarines are based in the Baltic area. The FRG has about 20, Denmark 5 and the Soviet Union about 50. Of the Soviet ones, the majority are Whiskey class and thus 25 to 30 years old. However, they are still usable in the waters of the Baltic Sea which are difficult for submarine hunting and have difficult bottom conditions.

The conventional submarine requires a depth of about 15 meters for concealed action, and its behavior is also limited by the fact that snorkeling needs to take place regularly.

With the introduction of minisubmarines, the freedom of action has increased considerably. Minisubs can pass in shallow waters. With modern technology, appropriate hull shape and hull material, minisubs can be made very resistant to underwater detonations (mines, depths charges). The introduction of air-independent engines and a suitable space technology for extended stays in small spaces, have the result that the endurance of the minisub can be multiplied in comparison with a conventional sub. Modern sensors need limited space and the minisub can be equipped with sonar, video cameras with light intensifiers etc. Frogmen/divers are normally part of the minisub's crew, and small underwater vehicles (mopeds), operated by frogmen dressed in diving suits, are brought along in order to give them greater mobility.

The conclusion of this is that we must anticipate that underwater activity can take place along our entire coastline, almost independent of depth conditions and thus even far into the archipelago.

The Navy Chief Says Farewell

The Navy Chief, Vice Admiral Per Rudberg will say farewell to the naval units in August and September, according to the following preliminary schedule:

Date	Unit	Date	Unit
<hr/>			
August			
17	GK/KA 3 Farosund	05	OrIB 0 Musko
30	NK/KA 5 Harnosand	14	OrIB S and BK Fo 15 Karlskrona
31	KSS Nasbypark	17	BoNo Malmo
September		18	MKV/KA 4 Goteborg
03	KAS Skeppsholmen	24	FMV:Marinmateriel
04	SK/KA 1 Vaxholm	26	The Coast Guard
		28	The Navy Staff
<hr/>			

11949

CSO: 3650/246

RECORD HIGH DOLLAR PUTTING INCREASED PRESSURE ON JAS BUDGET

Stockholm DAGENS NYHETER in Swedish 2 Aug 84 p 7

[Article by Bjorn Anders Olson: "Dollar Rate Threatens JAS; Each Ore Costs 20 Million"]

[Excerpts] The concern within the Defense Ministry and the Defense Staff is now growing concurrently with the new peak rates for the dollar.

"If the present record-high dollar rate continues over a long time, the entire JAS project could end up in the danger zone, unless we get compensation for the cost increases," the Air Staff tells TT [Tidningarnas Telegrambyrå].

For each ore increase in the dollar rate, the cost increase for the JAS project is estimated to be 20 million kronor. It means that this week alone the costs rose by 200 million kronor, and by 1.6 billion since the lowest dollar price this year in March.

Altogether, the costs for the JAS under the present economic conditions are estimated to be in the range of 38 billion kronor. But the cost ceiling up to the year 2000 is 32.7 billion.

Arithmetic Example

So far it is only a matter of an example in arithmetic. It is not until the late 1980's that the big payments for the JAS project will begin. And ultimately it is, among other things, the dollar exchange rate up to then that will determine the extent of the cutbacks and the additional contributions which might be needed in order to manage the project.

"The present development of the dollar price is really alarming. But when it comes to the JAS we must have ice in our bellies. It will not be until a few years from now that the major payments need to be taken into account. If the high dollar rate continues up to the late 1980's, it might become necessary to consider political decisions regarding savings."

"It could be a matter of reducing the delivery rate for finished aircraft, of abolishing the trainer version of the JAS and of reducing the armament," says Bosse Eriksson, information secretary at the Defense Department.

As early as last year the 2-billion-kronor cost ceiling which had been decided on was exceeded, despite the compensation received by the armed forces on the basis of the general wage and price development. With today's dollar price the difference has grown to 5 billion.

As early as last year the climbing dollar rates caused the JAS industrial group to reduce the number of orders in the United States and thereby its dependence on the dollar, in order instead to increase the proportion of European subcontractors.

An accounting of the financial and technical situation for the JAS project will be worked out and presented to the government during the fall.

"It is unreasonable that the dollar rate should govern the Swedish defense. But the compensation we have obtained for the JAS project has not covered the cost increases. We have simply received too little money. And that is why a new compensation system is now needed, one which also takes into account the proportion of foreign deliveries," Goran Tode, head of the JAS section of the Air Staff, tells TT.

The upward movement of the U.S. dollar rate, which is without precedent, continues. The list of new record prices on Wednesday is endless. And the exchange brokers see no signs whatsoever of an imminent drop in rates. On the contrary.

In Stockholm one dollar cost 8:445 kronor, an increase of 4.25 ore over Monday's and Tuesday's prices.

11949

CSO: 3650/260

OECD, MAJOR BANK, FINANCE MINISTER ON ECONOMIC POLICY

OECD Warns on Trade Balance

Copenhagen BERLINGSKE TIDENDE in Danish 3 Aug 84 Sec III p 12

[Text] The government should maintain and tighten up its policy in the view of OECD. The balance of payments should be improved. The business sector has been given a chance to earn money and that is a prerequisite for a continued upturn, according to OECD.

The government was given good marks by OECD in an annual report that will be released today.

Prospects for the next 18 months look good if the current international upturn continues, according to OECD.

But the economists in the OECD offices in Paris feel it is extremely important to continue the improvement in the balance of payments, especially since the prospects for the international economy are more uncertain after 1985.

The April agreement which tightened up both finance and income policies was also favorably received by the western nations' Organization for Economic Cooperation and Development.

However a maintenance and further tightening of the present policy seems unavoidable in the years ahead if the big problems of imbalance in the Danish economy are to be removed by the end of this decade, the economists added.

Without mentioning that the present government followed the recommendations in the OECD annual report last year to a large extent, the economists noted the positive results of the new policy. Among them is a substantial reduction in inflation which is narrowing the difference compared with our most important trading partners. A limited increase in wages that largely follows official guidelines has created an opportunity for a definite improvement in business earnings.

The economists pointed out that further progress could be made in reducing inflation if the upcoming contracts stay inside the government's implicitly stated guidelines. This in turn would make possible a continuation of the favorable export trend and increased business demand for investment goods. A stronger economic growth might help to ease the burden on public finances but it is unlikely that the balance of payments will show further improvement in the foreseeable future in relation to 1983, the report said.

The report reiterated that regardless of the positive results of the current policy it will remain a problem that the permanent improvement in the balance of payments has been so limited, which will inevitably lead to a further increase in the already high foreign debt.

Handelsbanken Issues Optimistic Report

Copenhagen BERLINGSKE TIDENDE in Danish 3 Aug 84 Sec III p 12

[Article by Svend Bie]

[Text] The Danish business sector should not depend on a limited export market but should utilize its flexibility to follow the rapidly shifting international markets. In a new market report, Handelsbanken gives the government's policy good marks, but indicates the need to create clarity concerning business conditions in the future.

Industrial exports are now rising as rapidly as they did in the happy days of the 1960's.

This is noted by Handelsbanken in a new market outlook report.

An important factor in the upturn is the economic growth in the United States and chief economist Svend Moller Nielsen calls the United States the "western world's undisputed locomotive in economic respects."

He thinks it is quite unjustified to fear an abrupt decline in economic growth in the United States. Recently OECD has expressed fears that growth in the United States will decline to the European level (2-2.5 percent), but these fears have been completely dispelled by the latest figures for growth in the second quarter of the year in the United States. With a real increase of 7.5 percent in the Gross National Product, the American economy is proceeding at full speed ahead, the Handelsbanken market report concludes.

But there is also a great need for the American upturn, since the Europeans cannot really manage on their own.

The market report calls the European economy a "slow train that is moving extremely slowly." Handelsbanken points out that the Nordic countries,

West Germany and England are at the top with growth rates between 2.5 and 4.5 percent.

"It is part of the picture that this modest growth tempo has been largely fueled by the United States," the report said.

However Svend Moller Nielsen believes that the gains in the European economy are more firmly rooted than they are in the United States. Among other reasons because state finances and the balance of payments are improving rapidly in most countries.

Svend Moller Nielsen warned against the Danish business sector putting all its efforts into one market. He said that our very rapid growth on the American market proves that we can adapt quickly. This ability should be used to follow the very shifting international markets rather than to conquer a single market, he advised.

Handelsbanken feels that Denmark is experiencing a positive economic development.

"Whether we like it or not the Danish economy is still marked by the unavoidable adjustment to the greater economic activity after the recession. On the plus side we can note that the national budget has a surplus for the first time since 1975 when we exclude interest payments on the national debt. That is a fairly substantial modification, of course, but it puts the Danish interest level in sharp focus," wrote Handelsbanken.

Svend Moller Nielsen estimates that the increase in consumption will be over within 6 months. After that consumption will develop moderately in line with income developments.

"It is a prerequisite for the maintenance and reinforcement of the improved balance in the Danish economy that is now under way that the economic and political triad be continued."

The triad is: a fixed exchange rate for the krone, income policy and a tight national budget.

The market report states that the three elements are the reason it has been possible to break the "vicious circle" of the Danish economy.

"But confidence that these measures will really be implemented is just as important as the triad itself," said Svend Moller Nielsen.

Finance Minister Agrees with OECD

Copenhagen BERLINGSKE TIDENDE in Danish 3 Aug 84 Sec III p 12

[Article by Dan Axel]

[Text] The clear objective of continued tight income and finance policies will be expressed in the government's proposed budget for 1985, according to Palle Simonsen.

"There are only a few insignificant differences between the views of the OECD and the government about how the Danish economy is faring--and what the priorities should be in the future. And that is encouraging."

This statement was made by Finance Minister Palle Simonsen (Conservative), who stressed that it is vital for the restoration policy to emphasize strengthening export businesses--as recommended by OECD--thus strengthening the balance of payments and a further reduction in foreign debt.

"And there are clear objectives in the government budget bill for 1985 pointing in that direction," Palle Simonsen told BERLINGSKE TIDENDE. "And we have had great success with a tight income policy that must be continued."

The finance minister referred particularly to the April compromise between the Radical Liberals and the government which extended the suspension of cost-of-living adjustments for 2 more years. They also agreed to keep state spending levels for 1985 at the 1984 level, 185 billion kroner--with the only adjustments being for price and wage increases.

"This is the best economic agreement in many years. And it deserved a better reception--from economists as well as the stock exchange--than it got," said Palle Simonsen.

He also said that it might be necessary in this context to publicly demonstrate the government cooperation on the economy once more--to show that there is no reason to doubt that there is still a majority behind the tight income and finance policies.

Simonsen Sees Unity on Policies

Copenhagen BERLINGSKE TIDENDE in Danish 3 Aug 84 p 1

[Article by Svend Bie and Dan Axel]

[Text] Handelsbanken praised the government's tight economic policy but saw no guarantees that it will be maintained. There was particular uncertainty about the size of the wage increases that will result from contract negotiations.

"There is no wavering in the ranks. We agree on a tight income policy and an iron-hard finance policy."

So said Finance Minister Palle Simonsen (Conservative) who feels that the economists and the stock exchange underestimated the Easter compromise the government entered into with the Radical Liberals concerning overall economic policy.

The statement was made after Handelsbanken wrote in a market report that uncertainty has prevailed for far too long with regard to the continuation of income policy in particular.

"The business sector cannot be satisfied with a horizon of 5 months," said Handelsbanken's chief economist Svend Moller Nielsen in a statement to BERLINGSKE TIDENDE, adding that in reality no clarity had been created with respect to either income policy or finance policy.

Handelsbanken's chief economist saw tangible evidence of this uncertainty in high interest rates and said that willingness to invest is also suffering as a result of the uncertainty.

"The government has suspended the cost-of-living adjustment and initiated three-sided discussions, but the business sector is not concerned with how wages are regulated but with how large the wage increases will be and that is something the private business sector does not know."

Nor is Svend Moller Nielsen satisfied with the security the government provided concerning finance policy through the April agreement.

"The agreement has not been implemented yet. This is just a basic agreement. If budget talks go as they usually do, there will be no final agreement on the budget until around Christmas."

Finance Minister Palle Simonsen cannot understand the uncertainty. "The government and the Radical Liberals agree on overall economic policy. And there are only a few minor details that have not yet been hammered out in the budget proposal that will be presented within the next 2 weeks," he said.

Paper on OECD Recommendations

Copenhagen BERLINGSKE TIDENDE in Danish 3 Aug 84 p 8

[Editorial: "There is a Long Way to Go"]

[Text] The annual OECD report on the Danish economy has been released as a kind of commentary on the summer debate concerning the government's economic policy. The report shows clearly that the economic policy shift that occurred after the fall of 1982 has given rise to positive results. The

improvement in developments is not due simply to foreign markets but to Danish economic policy efforts as well, to a very large extent.

But it is also clear that we have a long way to go before we can say that the economic balance problems have been solved satisfactorily. Thus OECD points out that the officially stated goal is to wipe out the balance of payments deficit in the course of 3 or 4 years. It cannot be said that the current items in the Danish balance of payments deficit in themselves are extraordinarily large in an international context. But the problem is that as a result of the interest payments on the enormous foreign debt, the deficit has assumed a structural nature. An enormous surplus in the goods and services items in the balance of payments is required to avoid the on-going balance of payments deficits that increase foreign debts.

OECD maintains that an economic policy is needed that contributes to the expansion of the business sector that is subject to international competition. Economic resources should be consolidated to solve this problem. The strait jacket created by the balance of payments and our foreign debt has resulted in a drastic curtailment in the opportunities for expansion in other areas, such as social welfare or other types of public consumption. It is to be hoped that politicians and special interest groups will bear this fact in mind in the years ahead.

It is also obvious that opportunities for increases in wage costs will be extremely limited in the next few years if the necessary competitive improvement of say 2 percent a year is to be realized. In this context OECD points out that the tendency to increase employer contributions to social and educational systems counteracts the income policy.

The current debate on high domestic interest rates is not unimportant, of course. But a further reduction in interest should not occur as the result of artificial interventions that create new economic distortions. An effective reduction in interest rates should be the result of the elimination of the balance of payments deficit. As we said, the way to do this is to improve competitiveness and limit public spending levels. That is exactly the policy the government has embarked on and the policy OECD has praised. This line needs to be strengthened.

Investments Rebounding After Recession

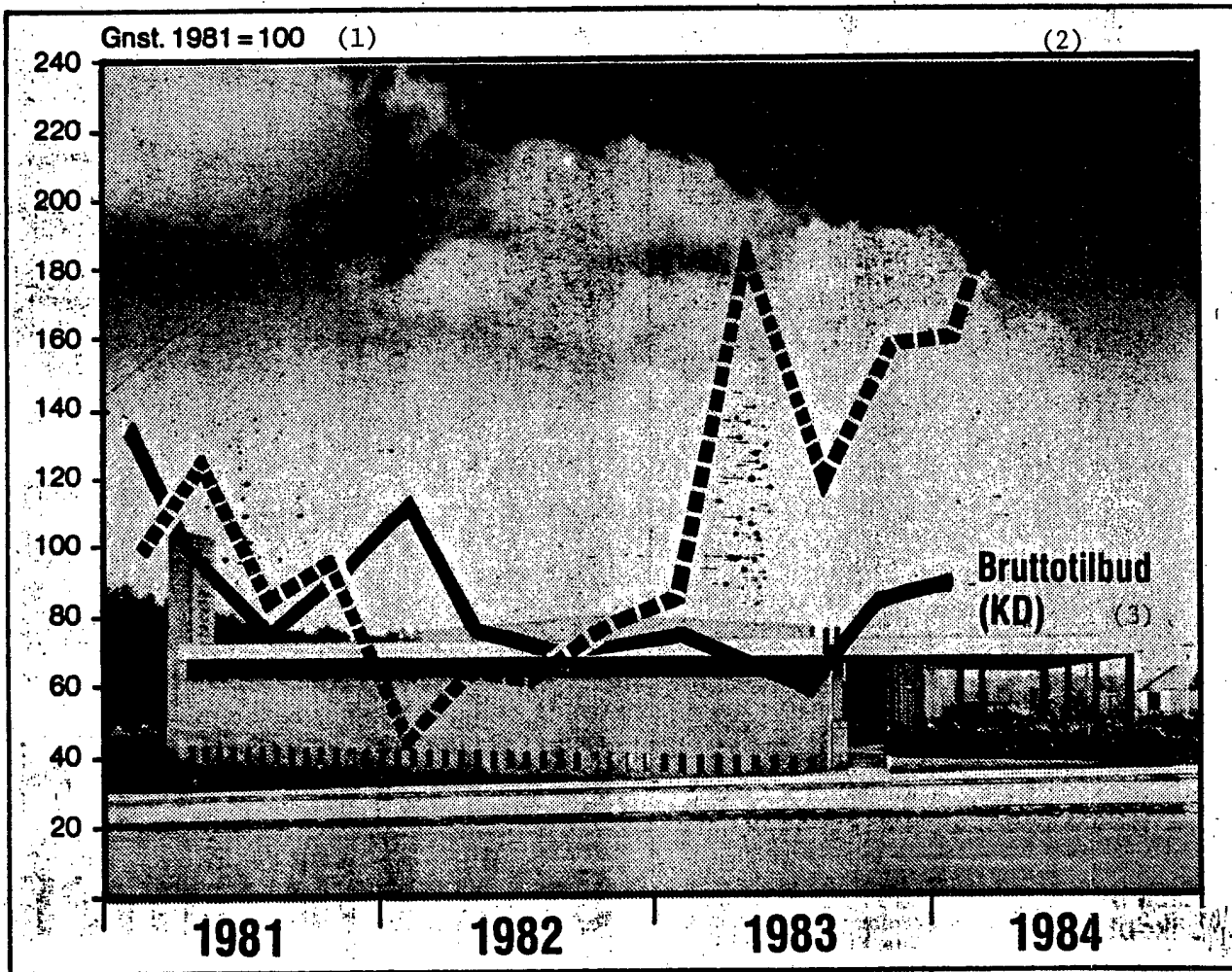
Copenhagen BERLINGSKE TIDENDE in Danish 2 Aug 84 Sec III p 8

[Article by Jens Juul Nielsen]

[Text] The Denmark Credit Association is currently experiencing a strong surge in interest in obtaining real credit loans. More and more firms are implementing investment and modernization plans after the restraint of recent years.

In the second quarter of 1984 the Denmark Credit Association supplied 66 percent more loans for investments in urban businesses.

This illustrates the strong and striking increase that is now characteristic of the non-residential construction sector. The quarterly notation includes all loans for new construction as well as loans supplied for renovation and additional construction for urban businesses (industrial, office and business properties).



The graph shows urban non-residential construction developments and the amount of loans available.

Key:

1. 1981 average = 100
2. Construction completed
3. Gross amount of available loans (Denmark Credit Association)

The Denmark Credit Association provided roughly half the total number of first priority real credit loans in this loan category.

Thus the statistics should provide a very good picture of developments in total real credit lending for investment in urban non-residential construction.

In the first half of 1984 the number of loans offered for urban non-residential construction were 42 percent higher than in the same period in 1983.

The latest development from the first to the second quarter of this year shows an increase in the number of loans offered of no less than 40 percent.

The latest development in the loans offered by the Denmark Credit Association for investments in urban non-residential construction suggests that business firms are finally beginning to carry out plans for investment and modernization that they have been working on in the last few years.

The Denmark Credit Association also points out that today real credit loans are a competitive financing alternative to finance loans and K [expansion unknown] loans.

6578

CSO: 3613/206

SMALLER ENTERPRISES SEEN CENTRAL TO CREATION OF NEW JOBS

Duesseldorf HANDELSBLATT in German 2 Jul 84 p 17

[Article by "hs" datelined Bonn: "The Creation of New Jobs Can Only Be Expected of Smaller Enterprises"]

[Text] Business management problems of smaller enterprises were the focus of this year's Whitsuntide meeting of the Association of University Professors for Business Administration (a registered society), June 12-16 in Bonn. According to the scientific director of the meeting, Prof. Albach of Bonn, the university professors proceeded from the premise that the creation of new jobs could in future be expected only from small and medium-size enterprises, but not from large firms.

In their meeting, the university teachers rejected the preconception that smaller enterprises are a stepchild of business administration theory. It is true that in the early years of business administration teaching, smaller enterprises were somewhat neglected since, at that time, primarily large firms brought their problems to science. Today, however, smaller enterprises are offered the support of business administration theory.

Moreover, there are now special institutes and university chairs dealing with business management problems of smaller enterprises. Three of them, the Institute for Small Business Research in Bonn, the Business Administration Institute for Smaller Enterprises in Buende, and the Business Administration Research Center for Problems of Smaller Enterprises in Bayreuth, introduced themselves in Bonn.

In the more than 50 lectures followed by discussions, there were several focal points. For example, the founding of enterprises with the aid of finding venture capital was discussed extensively. The management experts called for improved consultation on the formation of companies, which goes beyond normal management consulting, and based their demand on Japanese and U.S. experiences.

A further focal point was the question of how to recognize and avert threatening insolvencies. The management experts demanded from the legislature stronger consideration of business management findings in the upcoming bankruptcy law reform, and pointed to methods which can prove that distressed enterprises are worthy of reorganization.

Current themes of business administration theory, which naturally were discussed intensively in Bonn, are those of growing internationalization and logistics, i.e., optimizing the flow of material from procurement to production and sales.

At the beginning of the meeting, economics minister Lambsdorff had addressed current problems of the policy for small businesses in his opening speech, and had called on management experts to cooperate in solving the problems. He emphasized three deficit areas of smaller enterprises: the accounting system as a control instrument, modern marketing methods, and broad application of management knowhow.

The meeting was opened with lectures by Prof. Szyperski of Cologne, on high technology as a chance for growth, and Prof. Albach of Bonn, on the innovation dynamics of smaller industry. Albach was able to prove, with the aid of scientific studies of over 400 smaller enterprises with between 100 and 2,500 employees, that particularly the successful smaller enterprises (100 to 250 employees) are characterized less by their own research activity and product innovations than by an extraordinary capability and flexibility in the market.

They, especially, "stayed on the ball." With high labor input, but also high investment, they had weathered outstandingly the crisis years of the German economy, which in part had been accompanied by a phase of high interest rates.

The lecturer demonstrated a direct connection between earning power, investment, and employment of additional personnel: "Where there are good earnings, there is also investment and hiring of additional employees."

For the first time in the history of the society, the program included visits to firms (such as Kloeckner-Moeller, producer of low voltage switch gears) and discussions with smaller entrepreneurs, as well as talks with politicians from the economics ministry and Parliament, concerned with smaller enterprises.

9917

CSO: 3620/393

PAKDEMIRLI INTERVIEWED ON ECONOMIC POLICY REEVALUATION

Istanbul CUMHURIYET in Turkish 19 Jul 84 pp 1, 11

[Interview with Treasury and Foreign Trade Under Secretary Professor Ekrem Pakdemirli in his office by Kenan Mortan; date not given]

[Text] Ankara -- Discussing the recent economic measures and company salvage controversy, Treasury and Foreign Trade Under Secretary Professor Ekrem Pakdemirli told CUMHURIYET, "This matter is now above me. The government will do what it wishes as regards the investigation report." Interviewed in his computer-terminal equipped office, Pakdemirli said the recent revisions related to his powers were a matter of form. "We have the authority," he said. The Treasury under secretary said also, in reference to rumors of his resignation, "I have a good idea of when I will leave."

Announcing a further reduction of emissions in the words, "We will tighten money more," Under Secretary Pakdemirli indicated that the price increase for the final quarter would be 6.5 percent. He seemed to be firm as regards former Finance Minister Adnan Baser Kafaoglu's having given "oral instructions" to the Anadolu Bank and said that "it would be quite wrong to open the controversy on this" for a broader assessment.

Our interview with Professor Pakdemirli follows:

[Question] The Council of Ministers redefined the powers of the Treasury Under Secretariat as ruled by the supreme judiciary organ. Were your powers curtailed?

Pakdemirli: The necessary correction in form was made at the point where the Supreme Court had requested. It is a formal correction. The law is essentially a matter of form. Suppose you would lose your rights if you did not go to the Council of State within 60 days. We have full powers and no changes were made in this regard.

[Question] What is the latest situation of the export companies being investigated for false exports?

[Answer] I have been quoted as saying that the investigation is largely completed. This investigation is now almost finished. It would not be right to discuss it at the final stage. It serves no purpose to dredge up this topic again. Pretend you did not ask this question. We have never actually said, "They did such and such a thing." There is no obstacle to their regular efforts abroad for exports from this standpoint.

[Question] You were quoted as saying during the holidays that you used a different inflation equation. Is this the Fisher equation theoretically?

[Answer] No, we did not take it theoretically. We used our data. We set up an equation that fits us best. We tried to find an answer to the question "How high would prices go if we released 100 billion liras on the market?" Accordingly, we found that if we released 100 billion in new money while the money supply at the moment was 750 billion, the effect on prices was at 3 percent-3.5 percent after 1 month.

[Question] If this was the result you got, won't advance payments on wheat have the effect of stepping up price increases? According to our calculations, we need to print 70 billion liras.

[Answer] But that is not money to be released in 1 month, is it? The buying season goes on until the fall.

[Question] When you say August, it is 15 August at most. That is, we need 70 billion liras within the next month.

[Answer] Don't forget that there was still the 50-percent payment principle in the bonded payment period. It was not that nothing was paid at all, was it? It is necessary to make one of two choices.

[Question] Do you mean the choice of social policy?

[Answer] No. The [Soil Products] Office's choice: "Shall I buy wheat or not?" If you don't buy it, you have to import it.

[Question] But there will still be imports...

[Answer] True, but the amount will be quite different. In making the decision to issue the bonds, we were thinking in terms of: "There will be a great deal of wheat. The state's granaries will be running over." However, that was not the case. It is necessary to think about the Soil Products Office's position. The Office fulfills the requirement for wheat for bread in many places.

[Question] Okay, what are your observations as regards the course of price increases?

[Answer] Price increases are going extremely well. The market basket used by the State Institute of Statistics [SIS] is different from the one we use. Ours is weighted towards food and clothing. The other one has industrial products along

with food and clothing in it. But the SIS has to collect these prices in the first 10 days of the month because they use so many items. But I am collecting prices during the final 3 days of July. I have a computer. They don't yet, so they need a lot of time to get their prices. Do figures collected in the first 10 days of the month give the indicator? I leave it to you.

[Question] No, certainly not. But the SIS chairman said they were collecting prices until the 20th.

[Answer] No, no. Not that long.

[Question] But the SIS' index is scientific, isn't it?

[Answer] Of course, they do it scientifically. We are not saying their price index is unscientific. The time lag causes the problem.

[Question] Okay. Let's say the SIS had 4.7 percent in June prices and the under secretariat had .5 percent. Does the difference come only from the difference in collection time?

[Answer] No, no. They are not that wide. They use a lot of industrial products. But we emphasize food and clothing. But it would be wrong to stop ours in deference to theirs, or to stop theirs in deference to ours. But there was a very slight difference between the two at the end of last year when both were taken for the full year. That is, when we look at it overall, the difference is quite small.

[Question] Okay. Are you considering new means in the price struggle?

[Answer] We will tighten money again. We will stress increased productivity.

[Question] When you say you will tighten money again, in which sector are you considering doing this?

[Answer] We will cut emissions back in general.

[Question] What will the emission be?

[Answer] Less than 800 (billion). We will be doing this in July and August.

[Question] Will your new 30-billion-lira bond issue be effective?

[Answer] We shall see. They were offered today.

[Question] But you kept the coupon quantity very high.

[Answer] Well, there are large industrial establishments. They used to make commercial deposits. Now we are considering addressing those. We kept the coupon quantity high since there would be too big a roll, too much paper.

[Question] But not so as to prevent the accumulation of gold, most likely?

[Answer] Well, for us, gold is a kind of insurance, but not a profitable insurance. If it were me, I would put my money into savings. It will lose in the long term.

[Question] Then wouldn't it be better to go into dollars?

[Answer] No, time deposits will earn more. Look, take 1 July now. Write down the dollar-equivalent parity (exchange rate). Then take the time deposit. At the end of the year, you will have higher earnings.

[Question] Okay, based on that, what will the dollar rate be at the end of the year?

[Answer] I cannot speculate on that.

[Question] According to my own calculations, the figure was something like 506 liras at the end of the year.

[Answer] Have statistical estimates for the future such as you are doing ever given accurate results? What the dollar will do depends on the American elections.

[Question] If I could get a price increase estimate for the end of the year...

[Answer] It will be 6.5 percent in the final quarter. That's a total of course.

[Question] You mean this is the goal?

[Answer] Yes, within the working tolerances.

[Question] Are there other measures under consideration for cutting price rises?

[Answer] One, as I said, is to tighten money further. A second is to increase productivity in industry, the result of which is increased production. This is the goal. There are no others.

[Question] I would like to return to the banks question. The statutory edict you drafted did not pass during the session. What will happen?

[Answer] That draft is in the assembly. We expect it to pass in the next session.

[Question] But in the meantime, there are various initiatives by the banks to close branches. They want to reduce this kind of unit costs. It seems to us they are getting no results.

[Answer] There is no obstacle. None of the banks except the state banks have to get permission to close a branch.

[Question] Even though you, as under secretary, recommend "closing branches" to the banks to raise efficiency, there is a definite legal obstacle in the martial law provision against laying off workers.

[Answer] We must not forget that martial law is gradually being lifted. They can and are closing branches in the provinces where it has been lifted. They are solving their problems.

[Question] Okay. What will the new banks legislation that you expect to pass hold in store for the sector?

[Answer] First of all, it will allow specialization. There are those which will go to wholesale banking and those that will specialize. They will learn more about electronic operations.

[Question] There seem to be hitches as regards the vested interests of exporters despite the administrative changes made. You have been quoted as saying these vested interests were protected...

[Answer] The Money-Credit Council said that, not me.

[Question] But I think there are difficulties in implementation.

[Answer] Why? The Central Bank is in charge of this. There have been no complaints relayed to me.

[Question] My final question has to do with the investigation in the SEE Commission of the Anadolu Bank.

[Answer] I do not wish to discuss this topic. It would be quite wrong to open a controversy on this.

[Question] Won't you at least consider informing the public as to what you will do with the investigation report you have?

[Answer] Well, now, there is a report by the Prime Ministry Supreme Control Council. It told us: "There are irregularities on such and such points. Check them out." The report by our auditors was prepared in response to this. This report has now passed out of our hands. It was given to the government. It will do what it wishes. This matter is now above me.

[Question] You are saying then that the Prime Ministry will or will not forward the dossier to the prosecutor's office as it wishes?

[Answer] I am saying it is above me. The decision is up to them. But, why was I involved in this? There was a Supreme Control report. It requested that we investigate the incident. If we had not done so, we would have been held responsible.

[Question] But didn't you make certain personal charges during your presentation of data to the SEE Commission? It attracted notice that former Finance Minister Kafaoglu avoided personal incrimination in particular.

[Answer] I did not say it. It is in the records that Kafaoglu gave the orders himself. I did not say this. Now, this note by my deputy under secretary, Tevfik Bey (former Deputy Under Secretary Tevfik Altinok), says, "I have prepared this approval as per your oral instructions and submit it for your go-ahead." Many problems arise from there... Adnan Bey's signature appears at the bottom also. The minister seems to have signed it too.

The minister may have forgotten that he gave him the instructions. That is routine. It may also have been a policy decision. That is routine, too. He had that power. In saying this, I was thinking of making things easier for my staff tomorrow or the next day. I have to back up my staff. But the minister has his standing policy. He seems to have selected his policy and given the order. And in carrying out this order, that staff member said, "The order was carried out as per your oral instructions." Otherwise, I like and respect Adnan Bey. But I must remember this also, that I am going to stand behind my staff.

[Question] Are you going back, Mr Under Secretary?

[Answer] God willing, I will be in Izmir on Friday.

[Question] Is it a pleasure trip? Or a resignation or departure?

[Answer] You raise that question, then don't trust yourself and go back on it. I have a good idea of when I will leave. I know the timing, that is. It was the same under Mr Ulusu. If I see that they have turned their backs on me, of course I will leave. But at present that is not the case. They ask for my decisions and my opinions, and they respect them.

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CSO: 3554/278

ILICAK PLEADS FOR RECTIFICATION OF SKEWED NATIONAL INCOME

Istanbul TERCUMAN in Turkish 19 Jul 84 pp 1, 10

[Editorial by Nazli Ilicak: "Nation Itself Comes Before Its Deputy"]

[Text] Yesterday's TERCUMAN carried the story of President Evren's rebuke of Prime Minister Ozal on the matter of national deputy salaries. Evren conveyed orally to Assembly President Karaduman that he had been told that the national deputy salary would be at the same level as prime ministry under secretary, but this promise had not been kept.

Raising the national deputy salary to 275,000 liras goes beyond the failure to keep a promise to another fact: The TGNA [Turkish Grand National Assembly] has admitted that it is impossible to live on 144,000 liras in Turkey. The hike in national deputy salaries in as short a time as 6 or 7 months is another way of saying, "The cost of living has gone up so much in the interim that our material resources have become inadequate for the task." The painful part is that while the national deputy is matching his budget to inflation, no thought is being given to giving the national purse a break. At least by applying Mr Ozal's formula: "The hard part is not to cause division between the nation and the deputy." One must not find it odd that today, when 70 percent of state employees make 30,000 liras and the worker sweats for \$80, we find 275,000 liras excessive.

Autumn Anticipation

Now anticipation is for the fall: Inflation in the fall, government structure in the fall, economic balances in the fall and so forth.

If we have an annual inflation rate of around 50 percent in the fall, will we consider this a success? Or will the national income growth resulting from a certain amount of improvement of low capacity satisfy us? Aren't we going to look at the unemployment figures or the hiatus in investments? Will we be happy that we have gone over the 25-percent inflation goal by only 20-25 percent instead of 40?

We ought to know in advance what goal we are seeking.

Boasting

Industry Minister Cahit Aral talks about \$25 billion in exports in 5 years.

Another minister says we will soon reach France's present standard of living.

Tourism Minister Tascioglu states that we will be earning \$1.5 billion in tourism in 5 years.

These are comments we read at different times in newspaper headlines. We accept them as true since they have not been denied.

While Tourism Minister Tascioglu talks about a \$1.5-billion income from tourism, the plan goal shows a gross income of \$870 million, \$550 million net, in 1989. (Net income is the money left over after deducting tourism expenditures.) Also according to the plan goal, exports will reach \$11.5 billion in 1989. However, the minister of industry talks about \$25 billion.

For a Turkey in which per capita national income will be around \$1,300 according to plan predictions, it is impossible, of course, to claim the country will achieve France's present level. That is to say, first, those who drew up the plan and approved it must be talking from knowledge of the set goals. Otherwise, they would lose their credibility.

Second is the problem of whether the goals are adequate and how successful we will consider ourselves upon achieving them.

Interpretation of Success

If we were to think of the shorter term, the third problem would be which goals the government has to make stick in order to be considered successful in the fall. Has the economy revived? Has it been possible to initiate a drive for development? In short, has the Turkish citizen reached a level where he can be happy, hopeful and confident of the future? What effort has been made to correct the income imbalance?

Else, as at present, is Turkey striving to bring only its national deputies to the state of a community that is happy, hopeful and confident of the future? Is it struggling to correct the skewed income balance for the deputy alone, not the nation?

It is wrong to give national deputies a salary of 275,000 liras under the present circumstances in Turkey, and a reaction is perforce forming in the nature we have attempted to summarize briefly above.

In our opinion, the nation itself must be considered before, and long before, the deputy.

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CSO: 3554/ 278

ACADEMIC EVALUATES, EXPRESSES DOUBT OVER 5-YEAR PLAN

Istanbul MILLIYET in Turkish 19 Jul 84 p 2

[Article by METU Professor Dr Oktar Turel: "What Does Fifth Plan Have in Store"]

[Text] Dr Oktar Turel:

Born 1937. Was graduated from Istanbul Technical University in 1960. Higher degrees in economics taken between 1969-1976. Was employed at the State Planning Organization [SPO] between 1967-1975 as assistant expert and expert. In 1978-1979, served as chairman of Office of Economic Planning at the SPO. Has been teaching since 1975 at the Middle East Technical University [METU] in the Economics Department.

The Fifth [Five-Year Development] Plan fails to support those who thought rapid economic growth could be built on the groundwork laid by the stabilization policies applied without interruption since 1980. Modest goals were chosen in the plan for the growth rate of national income, as well as for rates of sectoral development. If we may give examples of the figures, growth is projected at an annual average of 6.3 percent in national income, 3.6 percent in agricultural production and 7.3 percent in the manufacturing industry. It is admitted that even the annual growth rate in exports, recognized as practically the only successful indicator of the economic policy, cannot be pushed beyond 10.6 percent (at fixed prices).

One cannot expect, naturally, that the modest production growth rates would solve the unemployment problem. In fact, the Fifth Plan predicts that reducing non-agricultural unemployment will not be possible, despite growth of the dependent population supported by those who work.

Not one of the plan's physical production goals (from wheat to chemical fertilizer to iron-steel to electricity) is either "sharp" or "striking." Everything is so close to what is attainable with the present production potential of the Turkish economy that the reader of the plan cannot help but ask why the production goals are this modest after the 6 years of sacrifice society has experienced.

Structural Change

Low growth rates would perhaps be defensible for a period of radical structural change in the economy. However, the Fifth Plan eases the emphasis on industrial development, making it dependent upon circumstances, and forcefully documents its distance from the goals of industrialization and economic structural change featured in all plans since the second one. The culling of public-sector industrial projects from investment programs in the 1980's was the harbinger of such a trend. Concrete signs of the trend appear in the Fifth Plan also. For example, a 21-percent share of total fixed investments is assigned during the plan period to investments in the manufacturing industry, which took 26 percent in the 1979-1983 period. The share of intermediate and investment goods in manufacturing industry production will be able to rise from 44 percent to only 46 percent in 5 years. Neither is there any meaningful structural change envisaged in exports, which are growing quantitatively; the total share in exports of agricultural production, light industrial products based on agriculture and textiles is around 66 percent for both 1984 and 1989. In sum, structural change and industrialization come far behind "opening to the outside" and conquering inflation within the plan's list of goals.

The 1980's offer some clues as to the possible results of such a preference. The path is traced by which the efforts in years past to put Turkey on the world economic map as an exporter of agricultural products, services and simple consumer goods and an importer of energy raw materials and capital goods led to annual losses of around 2 percent in national income by way of foreign trade restrictions. If these losses, considered negligible for 1984-1989 by the Fifth Plan, continue at the same tempo (and there is no reason to think they won't) either annual real consumption will come down to around 1 percent or borrowing will increase more rapidly than predicted. This is the foreseeable dilemma.

Though the plan mentions improved income distribution as a goal, it is not very clear as to how tax, price and wage policies will be used to achieve this goal. As for the inability of the struggle with inflation alone to improve income distribution, that is obvious from solid results. In short, it is hard to hope that a plan which envisages neither adequately rapid growth of production nor fair division of the product will contribute seriously to the prosperity of society.

Financing the Plan

The plan, in activating domestic savings, pins its hopes on the growth of private savings and envisages no serious tax incentive to increase public savings. Tax revenues will stay at 16.5 percent of national income in 1984 and 16.7 percent in 1989. The writers of the plan do not seem very hopeful as to the ability of the state economic enterprises [SEE] to generate resources and have kept the level of the funds they will generate at 2.7 percent of national income for both 1984 and 1989.

The prevailing approach of the plan is to restrict as much as possible the field of activity of the public sector, excluding infrastructure, necessary repairs and replacements and public services; to wait, in the belief that every supply will

create its own demand, for private savings to be converted into private investments; and [is revealed] in the reminders that these expectations have not materialized in the 1980's and, to those who worried about the 55-percent share of public sector investments in the 1970's, that they have to raise this share above 60 percent.

The largest share of gross foreign resource input (\$18 billion) envisaged in the 5 years of the plan consists of short- and medium-term private commercial loans (\$9.4 billion) and project credits (\$5.4 billion). With these foreign resources, Turkey will pay \$10.9 billion in principal on foreign loans (including what it will pay to the IMF) and in 5 years will close its balance of payments deficit, which is cumulatively \$6.9 billion. Turkey's foreign debt (principal) will rise around \$7 billion in 5 years.

The meaning of these figures is quite clear. Turkey does not expect a very large net contribution for foreign financing of the Fifth Plan. What the plan envisages is to pay the foreign loans that come due by taking out new loans and to look increasingly to private foreign banks for this purpose. It would be well to mention here that the plan's authors admit that Turkey will not be able to live on transit trade and service exports and they avoid exaggerated estimates of foreign capital input.

Conclusion

The Fifth Plan was obviously drawn up by superimposing the usual strict economic policies which dominate the government program upon a conglomeration of attainable numerical goals having a precise internal consistency. And, in my opinion, the plan's greatest weakness lies here. These economic policies have become a little more discernable during the 4 years in which the transition to economic growth and rapid growth have failed to carry their weight and are boxed in by (slightly) tight money, constant devaluation, high interest-low wages and SEE price hikes; and if they bear only this modest fruit, it is in fact valuable to discuss how well that fits in with growth goals that one could be proud of. With less than 6 months to go before implementation of the plan, our concern over this is heightened by Turkey's having its economic agenda frozen into exports which may or may not be imaginary, emission amounts which may or may not be imaginary and price increases which definitely are not imaginary, instead of growth, development and the fair distribution of income.

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IMPORT LEVELS OUTSTRIP EXPORTS OVER 6-MONTH PERIOD

Istanbul CUMHURIYET in Turkish 2 Aug 84 p 9

[Text] Ankara--Exports in June were the lowest so far this year.

According to figures published by the State Statistics Institute [SSI], exports in June totaled \$521.5 million. Although this amount is 28.1 percent higher than last June's exports, which totaled \$406.9 million, it is the lowest monthly figure for this year.

Exports rose from \$541.3 million in January to \$600.4 million in February and \$713.3 million in March--partly as a result of "imaginary" exports. Later on, exports followed a declining trend and dropped to \$612.4 million in April and \$540.5 million in May.

The SSI report puts imports for June at \$846 million. This represents a rise of 16.8 percent over the corresponding month last year. Imports for June 1983 totaled \$724.5 million.

Exports rose by 32 percent from \$2.674 billion in the January-June period last year to \$3.529 billion in the corresponding period this year.

Imports, meanwhile, rose by 8.5 percent from \$4.450 billion in the first 6 months of last year to \$4.828 billion in the corresponding period this year.

The faster rate of increase of exports over imports reduced the trade deficit and increased the share of exports in the payments for imports.

The figures show that the trade deficit shrunk by 26.9 percent from \$1.777 billion in the first 6 months of last year to \$1.298 billion in the corresponding period this year. The share of exports in the payments for imports, on the other hand, rose from 60 percent in the first 6 months of last year to 73.1 percent in the corresponding period this year.

Meanwhile, a decline has been observed in agricultural product exports in the January-June period.

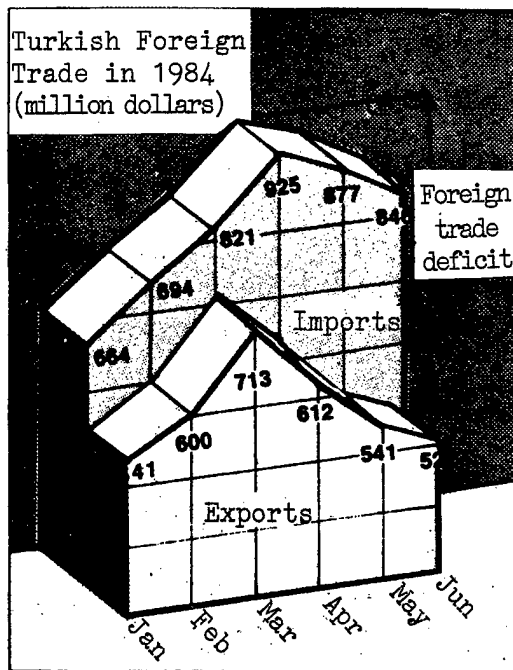
Agricultural exports declined from \$827.8 million in the first half of 1983 to \$792.1 million in the corresponding period this year.

In contrast, exports of industrial products rose by 49.6 percent from \$1.757 billion in the first half of 1983 to \$2.623 billion in the corresponding period this year, and mining sector exports rose by 22.1 percent from \$88.8 million in the first 6 months of 1983 to \$108.4 million in the corresponding period this year.

The share of industrial exports in total exports rose from 65.7 percent in the first half of last year to 74.5 percent in the corresponding period this year.

Meanwhile, over the two periods considered, imports of capital goods rose by 2.6 percent to \$1.193 billion, imports of consumer goods rose by 111.1 percent to \$215.1 million and imports of raw materials rose by 7.4 percent to \$3.419 billion.

In the first half of this year, Turkey's exports to EEC countries rose to \$1.317 billion, and its imports from those countries climbed to \$1.496 billion. Thus, exports rose by 34.6 percent and imports increased by 15 percent over the corresponding period last year.



Turkish foreign trade, January-June 1984

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STATE ASKED TO RECTIFY INADEQUATE IRON SUPPLY

Istanbul CUMHURIYET in Turkish 2 Aug 84 p 9

[Text] Karabuk--The Turkish Iron and Steel Works Directorate General [TDCI], which cannot supply the market with adequate amounts of pig iron and steel because of export commitments, will import 20,000 metric tons of H2 pig iron and 30,000 metric tons of structural steel to meet the domestic demand.

The TDCI, which has begun taking the necessary steps to import various grades of structural steel and pig iron--the most important raw material of the foundry industry--will export to Iraq 183,000 metric tons of various grades of structural steel. According to information obtained from TDCI officials, pig iron and structural steel imports will be adjusted in accordance with supply and demand in the domestic market.

Yusuf Koseoglu, Chairman of the Turkish Builders' Federation, said in a statement to the Turkish News Agency that steel sales must be licensed. Meanwhile, TIMSE [Installations and Construction Contractors Union] President Sami Sari stated that his organization has been significantly affected by the black market. He added: "While the construction sector is on the verge of collapse, the black market has assumed intolerable proportions. Steel sales must be based on an allocation scheme as soon as possible."

Sari noted that steel which sells for 100 Turkish liras at the factory is selling for 140 Turkish liras on the black market and that only a week ago the black market price of the same steel was 130 Turkish liras.

Koseoglu said that builders cannot buy steel at TDCI distribution centers and that they are forced to buy a major portion of the steel sold by the TDCI distribution centers from black marketeers because of the lack of a licensing system in steel sales. He added: "TDCI distribution and sales centers cannot comply with steel users' needs. The selling price of steel at TDCI distribution centers is 100 to 105 Turkish liras. But we are buying steel at 132 to 140 Turkish liras on the black market. This is pushing up the cost of housing. The government must deliver the steel to the users without middlemen."

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CSO: 3554/290

STRONG DOLLAR CAUSING LOSSES FOR OIL MONOPOLY

Helsinki HELSINGIN SANOMAT in Finnish 26 Jul 84 p 25

[Article: "Dollar's Strength Increases Pressures on Gasoline Prices; Loss of 30-40 Million for NESTE"]

[Text] The U.S. dollar has remained at a record-level high for several weeks now, and this is increasing pressure on NESTE to raise domestic prices of gasoline. According to rough estimates, NESTE has ended up suffering losses of 30-40 million marks this year, because it has not transferred the dollar's rise onto consumer prices.

There is still no point, however, in motorists' becoming alarmed about gasoline price increases, since NESTE has followed a moderate increase policy for a couple of years now. Last year, for example, NESTE's "dollar loss" was 150-200 million marks.

NESTE's losses result from the fact that the dollar has been for the better part of this year at a considerable higher level than the 5.745 marks used as the basis of current gasoline and other liquid fuels. The base figure was fixed on the first day of January. It was agreed upon by NESTE and the industrial trade board.

The dollar was above the limit during the year's first couple of months, but then dropped below the limit for a few months. At that time there was even a hint from NESTE about possible decreases in gasoline prices. The promises were, however, like an omen of something worse, because in April the dollar began a steady rise which has continued right up to recent days.

The dollar has been as much as 30 Finnish pennies above the base figure. Altogether this year, the dollar has been higher than the 5.745 mark by 14 pennies on the average for nearly 20 weeks and lower than that by 12.5 pennies on the average for 9 weeks. For a couple of weeks the dollar has been more or less on the level of the base figure.

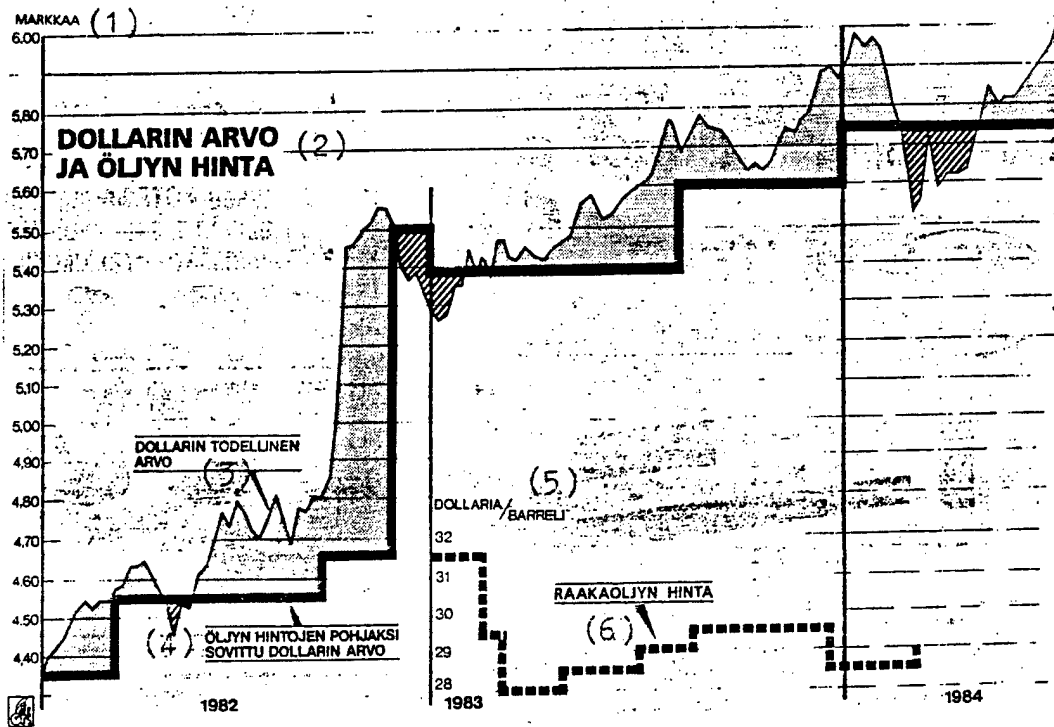
NESTE does not disclose precisely its losses resulting from currency changes. Calculating the sum is difficult, because in it attention should be paid to the arrival dates of crude oil shipments bought by NESTE, estimates of reserves, interest on capital tied to reserves, etc.

In any case, NESTE has been moderate. At NESTE's request the prices of liquid fuels were last raised in August of last year. This year consumer prices have gone up twice chiefly because of the distribution system and the demands of merchants.

Crude Oil Cheap

NESTE's situation is facilitated by the constantly low prices of crude oil on the world markets. The so-called spot prices of free markets are several dollars lower than list prices, and, for example, a few Near East countries offer to sell their oil at below cost price.

NESTE obtains the biggest part of its crude oil from the Soviet Union, which has maintained a steady price level this year. At the beginning of the year Soviet oil cost 28.50 dollars a barrel, and it rose to 29 dollars in March. After that there has been no need to negotiate on prices.



- (1) Finnish mark
- (2) Value of dollar and price of oil
- (3) Dollar's real value
- (4) Dollar's value agreed upon as base of oil prices
- (5) Dollars/barrel
- (6) Price of crude oil

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